



NEWS: EUROPE



François Léotard (right) and Valéry Giscard d'Estaing shake hands at the start of the UDF congress in Lyons

# Léotard fends off Madelin to win leadership of UDF

By David Buchan in Lyons

France's UDF federation, junior partner in the ruling coalition, yesterday elected Mr François Léotard, the former defence minister, to be its president replacing Mr Valéry Giscard d'Estaing.

Mr Léotard won 57 per cent of the vote at a special congress in Lyons, beating Mr Alain Madelin, the former finance minister, who got 30 per cent. Another ex-minister, Mr André Rossinat, came a distant third.

Mr Léotard had been favoured to win, partly because within the sprawling centre-right federation he occupied the middle ground between Mr Madelin, the free-market liberal, and the centrist Mr Rossinat, but mainly because of an electoral pact. Mr Léotard, who already heads the Republicans, the largest of the UDF's five

component parties, was backed by Force Démocrate, the second biggest party. In return, Mr François Bayrou, the Force Démocrate president, will become number two in the UDF.

Yesterday's election brings to the fore potential UDF candidates for the French presidency in 2002, in contrast to last year when the federation failed for the first time since its formation in 1978 to field a candidate.

But Mr Madelin, who like Mr Léotard and Mr Bayrou hankers after high office, did not disgrace himself with 30 per cent of the vote. He has pledged to stay within the UDF, and his supporters won five seats on its 18-seat political executive with the majority going to Léotard supporters. But Mr Madelin may take himself and some of his followers out of the Republican party to

sit as a separate group in the National Assembly.

Mr Léotard's victory came despite opposition from Mr Giscard d'Estaing. The 70-year-old former president of France could not resist capping years of rancorous relations with Mr Léotard by explicitly endorsing Mr Madelin, as the candidate keenest to unify the federation, closest to the people and the likeliest UDF member to become prime minister. Despite being dropped as finance minister last August by Mr Alain Juppé, the prime minister, Mr Madelin has stayed loyal to President Jacques Chirac in the hope of succeeding Mr Juppé.

Despite holding 214 parliamentary seats and half the country's 22 regional council presidencies, the UDF has more difficulty in making a national impact than the Gaullists or Socialists which

have a unified party structure. The need to curb the "barons" within the UDF became a theme of its presidency campaign.

Even Mr Léotard, who as the biggest "baron" was least enthusiastic about centralising the UDF, found himself pushed by his rivals into calling for reforms to give the federation greater unity around a directly elected president.

Mr Léotard said yesterday he would call a UDF national council in June to decide on reforms, including giving the federation's rank and file members the right to choose their president rather than the 1,721 national councillors who formed yesterday's electorate.

Earlier, Mr Giscard d'Estaing complained that during his presidency of the UDF over the past eight years, the federation had been a prisoner of its component parties.

## Anger over wage deals fuels rebellious sentiment

# Germany's employers start to break ranks

Disillusioned with pay awards they can no longer afford, a growing number of German employers are considering opting out of the federations that negotiate wages on their behalf. Among the few who have left so far is Mr Thomas Seiter, who runs a mid-sized company in Westphalia making tool boxes, and who opted out of Gesamtmetall, the metal industry employers federation, at the end of 1991.

"We did not want to pay for a wages policy that is fundamentally hostile to the needs of a mid-sized company. If we did not have the large pay deals of recent years (in the German metal sector), we would have more jobs today," he said.

Gesamtmetall may soon be responding with a new deal to calm its angry members. Mr Werner Stumpfe, its president, has suggested splitting the federation into two branches, one that adheres to the so-called "wide-area wage contract" and one that does not.

The contract, a key pillar in Germany's industrial system, intends to ensure, at least in theory, that workers get the same wage and working conditions in the same industry throughout the region in which they work. The system has offered companies protection against strikes and litigation but smaller companies in particular say the costs outweigh the benefits.

Mr Seiter said he knew of several local companies, which had remained members of Gesamtmetall and which had still found ways to undermine the wage accords, by either

ignoring them or agreeing supplementary deals with the workforce to save money. Even though this may be in breach of contract, many companies are already operating flexible working time rules of the kind that officially are currently only on the debating table.

Opting out of the wide-area contract completely, however, was his main opponent within the employers camp is the BDI, the federation of German industry and the main business lobby group. In a sign of how bitter the dispute has become, Mr Hans-Olaf Henkel, president of the BDI, has publicly threatened to vote against Mr Klaus Murrmann, the outgoing president of BDI, who is seeking the chairmanship of Unice, the European employers' federation. The two have made little secret of their animosity towards each other.

The disunity among employers comes at a time of record unemployment and contrasts with the discipline within the camp of the trade unions, such as IG Metall. They have used the disarray among employers to their own advantage, offering an alliance for jobs, aimed at cutting unemployment by a combination of pay restraint and reduced overtime.

According to an opinion poll published last week in Die Woche, a weekly newspaper, 42 per cent of Germans place more trust in the trade unions than in the employers' federations, while only 22 per cent trust the employers. The poll is even more extreme in eastern Germany. The only group that trust the employers more than the unions are the employers themselves.

Another poll, published in the business monthly Capital, gave the BDI an approval rating of only 12 per cent among its members.

While German companies are getting impatient about the system that determines wage agreements, the principle of co-determination, another key element of the "German model" of industrial policy is in better shape than ever. As companies turn their backs on the official system of corporate representation, they find it much easier to strike a deal with their own workers.

**'If we did not pay deals of recent years, we would have more jobs today'**

would offer even more flexibility. After Mr Seiter opted out, he began negotiating directly with his 85-strong workforce, and secured an agreement for an 8 per cent cut in wages in exchange for a share in profits.

IG Metall, the metal industry union, said that, while opting out might look superficially attractive to employers, many would also run risk of becoming the target of strike action. Mr Klaus Zwickel, president of IG Metall, warned at the weekend that abandonment of the wide-area wage contract would mean that there would no longer be annual pay rounds for the entire industry, but daily negotiations, conflicts including strikes, from company to company, all year round.

With his proposal for a dual membership of Gesamtmetall, Mr Stumpfe is offering an olive branch to end the spectacle of inter-company strife among the country's employers.

The structures of German employers' federations are complicated, consisting of various layers of sectoral and regional bodies. On top of it all hovers the BDI, the federation of German employers and a proponent of the wide-area

# Portugal's PSD finds leader at last

By Peter Wise in Lisbon

Portugal's Social Democratic party yesterday elected Mr Marcelo Rebelo de Sousa, a liberal intellectual, to head the centre-right party as it struggles to adapt to opposition after 14 years in government.

He was one of only two serious candidates - both secondary figures within the party - for the difficult task of holding opposing factions together and reviving the PSD's morale after its defeat by the Socialists in last October's general election.

None of the senior officials who came to prominence during the governments of Mr António Cavaco Silva, the former prime minister and PSD leader, sought election to what could prove to be a caretaker leadership until a more authoritative figure emerges.

Mr Rebelo de Sousa, 47, an affluent lawyer, university professor and political commentator, acknowledged he was taking on the unenviable role "out of sense of duty to my party rather than personal ambition".

Until now, he was best known for giving other politicians marks out of 20 in a popular weekly radio show and for diving into the Tagus river to show it was not polluted when campaigning to be mayor of Lisbon. He remained healthy but lost the election.

Mr Rebelo de Sousa, who represents the liberal wing of a party that also embraces social democratic and conservative tendencies, is faced with resolving divisions over some central policy issues.

Deep-seated political and regional rivalries within the PSD were held in check by the forceful leadership of Mr Cavaco Silva, who quit as PSD leader in January 1995 before making an unsuccessful bid to become president of Portugal last January. But the divisions re-emerged strongly during the congress.

Wolfgang Münch

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EUROPEAN PRESS REVIEW

# Financier's arrest lifts flagging Swiss spirits

SWITZERLAND  
By Ian Rogge

The Swiss media do not have much to cheer about these days, what with recent revelations that their country has the second worst record of the mad cow-related Creutzfeldt-Jacob disease and that their beloved Bündnerfleisch is made from Argentine beef.

But the news late last Wednesday afternoon that Werner Rey, an heroic-scale 1980s asset stripper whose fall brought a couple of Swiss banks to their knees, had been arrested in the Bahamas, was a particularly welcome surprise.

As so often in Swiss cases of big financial collapse in which a crime is suspected, it had seemed for a while as if the authorities had given up on this one, preferring to sweep the dirt under the rug and forget about it, rather than pursue it regardless of cost.

The main newspapers cleared their front pages and rehearsed Mr Rey's whole story - from his beginnings with Bernie Cornfeld at Investors Overseas Services, the collapsed mutual funds group, through his raids on the Bally and Swiss engineering companies and his downfall in 1991 when soaring interest rates exposed the excessive borrowings of his Omni holding company.

When the final reckonings were taken, the losses amounted to some SF500 million (2.1bn), making Mr Rey Switzerland's biggest bankrupt. He fled and was only discovered a year later in the Bahamas. The Swiss put out an international arrest warrant, but he was soon out on bail and has since managed to convince the Bahamian authorities to keep renewing his residence permit.

In September 1994, the Swiss prosecutors announced sheepishly that, given the complexity of the Bahamian extradition procedures, they were giving up, although they reversed their position only a few weeks later.

For all this week's reportage, few new facts emerged. Bern's Der Bund interviewed Michael Kunz, the special prosecutor, and learned that eight more people had been charged in the case, but there are no names.

The tabloid Blick made much of the fact that its man in the Americas had actually chatted



"But with the 4,236 pages, we've made it easy for you Mr Rey" - How the Tages Anzeiger cartoonist saw the story this week

Blick's on the spot reporting again provided a possible clue to the outcome. According to a local, Mr Rey has recently moved from the high rollers blackjack table at the Crystal Palace casino to the common folk's one.

For many Swiss papers the most striking fact was that 4,236 pages of evidence were shipped last month to the Bahamian court, perhaps adding new meaning to the notion of Swiss thoroughness.

Zurich's Tages Anzeiger noted that a district attorney, three investigating lawyers and a British prosecutor worked on the case for nearly a year, at a cost of "a few hundred thousand francs".

Thomas Illi in the Tages Anzeiger acknowledged that the wheels of justice could well grind slowly in this case, since, theoretically, Mr Rey can appeal all the way to the British Privy Council. "But, as a signal to possible imitators, the decision [to pursue him] could have a deterrent effect at least as long as the investigation continues - and that could be years."

Speaking to Der Bund, Mr Kunz, the prosecutor, said that the decisive point could well be whether or not Mr Rey was again granted bail. If not, he might decide to return to Switzerland voluntarily.

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سكوا من الأصل

NEWS: EUROPE

Would-be capitalists queue for stake in Romania

By Virginia Marsh in Arad, Romania

Romanians yesterday packed into post offices around the country before a midnight deadline for bids in nearly 4,000 state companies which are being sold under the government's ambitious mass privatisation programme.

Officials were hopeful that about two-thirds of those eligible would subscribe before the night was out.

Stakes of up to 50 per cent in the companies, which account for about a fifth of gross domestic product, are being offered in exchange for free coupons distributed to all adults last year.

Even though coupons have a nominal value of 975,000 lei (2307), nearly four times the average net monthly wage, less than 20 per cent of those eligible entered bids by the initial December deadline, forcing the government to double the subscription period.

"The avalanche began about two weeks ago," said a manager at the main post office in Arad, a large town in western Romania. "Until then, we had a couple of hundred subscribers a day. This week there were around 1,500 a day, and today, who knows? Thousands for sure."

She added, however, that despite a big advertising campaign, popular awareness of the scheme and how it worked was limited. "We have to fill in the forms for many people. There's a lot of confusion."

The scheme's many critics say the government failed to provide adequate information on companies and that the public was sceptical because of the failure of an earlier coupon-based privatisation programme.

One recent opinion poll showed that although most Romanians supported privatisation, only a third thought they would profit from the scheme, while half thought the rich would benefit the most.

"I don't have much faith in this type of privatisation. That's why I waited until the last minute," said one man poring over a list of companies. "I'm an electrician not an economist, and with such poor information how do I know which companies to go for?"

Most people around Iba said they had opted for local companies. "At least I know something about farms in this area," a farmer said.

A few found the choice too daunting - 1994 profit and turnover, number of employees and field of activity was the only information released on the companies. "I've been here for two hours but I still can't decide," said a housewife. "I'm going home."

Those who missed last night's deadline have until the end of the month to place their coupon in five state-run investment funds instead. Stakes not exchanged for coupons are to be sold to foreign and local investors either at cash auctions or through direct negotiation.

Majority stakes in the 800-odd most promising enterprises were earmarked for investors from the beginning. Like the coupon part of the scheme, cash sales, which got under way in December, have progressed slowly. Officials said the state had received offers for, or sold stakes in, about 150 companies for a total of \$185m (£125m).

However most analysts say the state's grip on the economy should at last be broken since coupons are exchanged for shares this summer and private investors begin to accumulate holdings in the companies via the country's fledgling capital markets.

The troops pull out in December, but civilian progress is scant

West fearful for post-Ifor Bosnia

By Laura Silber in Belgrade and Bruce Clark in London

Ask any western official about the duration of Nato's involvement in Bosnia and the answer, at least on the record, will be the same: our troops will all be out by December.

Behind the scenes, however, diplomats and soldiers from the leading western nations are thinking hard about what form of involvement will be necessary after 1996, and they are not finding any easy answers.

In theory, the year-long deployment of Nato's 60,000-strong Implementation Force (Ifor) was supposed to give Bosnia's Moslems, Serbs and Croats a window of opportunity to rebuild their country as a single, loosely-structured state.

Until recently, western officials have refused even to discuss the possibility of prolonging their involvement - on grounds that a clear timeframe was needed to "concentrate the minds" of the former warring sides.

But, so far, there is little sign of any desire among the parties to overcome divisions and build the cross-community institutions envisaged by the Dayton agreement.

This has driven Mr Carl Bildt, the Swedish politician who is responsible for implementing the civilian aspects of the Dayton accord, to question the policy of refusing to talk about the world after 1996.

"We must have a post-Ifor policy by June, whatever it is," he said last week. "Uncertainty about what is going to happen after Ifor will increasingly work to the detriment of [our] possibilities for success."

Under Dayton, new institutions - responsible both for the Serb entity, which comprises 49 per cent of Bosnia, and the Moslem-Croat federation, which covers the rest - should be established in the final three months of the year, as Ifor is winding down.

The make-up of these institutions will be determined by the elections that must take place by September.

But, in the words of one senior European observer: "There is no reason to believe that a new group of people who believe in multi-ethnic Bosnia will be elected."

So the possibility exists of an undignified end to Ifor's mission, with triumphant nationalist politicians girding for renewed war as western troops scramble to leave. This would deal a blow to Nato's long-term credibility, given the prestige it has invested in Ifor.

Mr Robert Hunter, US ambassador to Nato, has called Ifor "a shot at making the post-cold war world work, of meeting the moral and political responsibilities of the new age". The mission's failure would presumably mean that this chance had been lost.

But although they acknowledge these dangers, US and European officials are wary of starting an open debate about how to avert them for fear of a new transatlantic rift.

As US presidential elections loom, it is hard to imagine any change in Washington's determination to withdraw by December its own 20,000-strong contingent, which provides Ifor with the bulk of its armour, transport and intelligence.

In theory, the US pullout - combined with the continued need for some western involvement - might give Nato the chance to try out something its experts often discuss in theory: a European-only mission backed by US air power and electronics.

But the bitter experience of the United Nations force in Bosnia, whose UK and French commanders were at odds with the US officers who dominate Nato, has made Europeans nervous of being left alone on the ground.

"We were killed and humili-

Moslems and Croats agree on customs union

Bosnia's Moslem and Croat leaders agreed over the weekend to shore up their fragile federation and create a customs union, writes Paul Wood in Belgrade. However, diplomats warned that powerful elements in the region's informal economy would have to be faced down if the deal was to be implemented successfully. Many previous accords have foundered because of resistance on the ground.

The latest agreement provides for a single state budget, a unitary banking system and a new federation flag, combining Croat red and white with Moslem green.

Details of the agreement were announced by Mr Michael Steiner, deputy head of the civilian reconstruction effort in Bosnia. He described the accord as a "good new start", but he added: "I have no illusions, there is still a long and difficult way to go."

Mr Steiner said international monitors would be deployed to make sure that customs

revenues were sent to federation accounts by the Bosnian Croats, who control almost all the federation's external border.

Under the terms of the deal, local authorities which fail to comply could be prevented from receiving international aid and federal cash.

Recent Croat-Moslem tensions in Mostar have been attributed by western diplomats to the influence of Croat criminal gangs who have resisted the city's reunification because they are reluctant to surrender control of lucrative roadblocks.

As diplomats point out, even larger sums are at stake in the contest for control of Bosnia's customs posts.

US officials said war crimes investigators would this week start examining suspected mass grave sites around Srebrenica in eastern Bosnia, where thousands of Moslem men are believed to have been killed last summer, Reuters reports.

ated, while Washington, which had no soldiers on the ground, could afford to be nice to the Bosnian Moslems and criticise Europe," said one west European diplomat. "We will not repeat this."

The French, in particular, are determined to avoid a post-Ifor mission in which Europeans bear the main military burden while the US retains overall control.

In the immediate future, European officials say, the best hope of avoiding a new diplomatic and military fiasco in Bosnia lies in reinvigorating the reconstruction process.

The Dayton agreement envisages the return of more than 2m people to their homes and the rebuilding of Bosnia's ruined economy, whose output is around 5 per cent of pre-war levels.

In practice, both reconstruction and the return of refugees are proceeding at a snail's pace. A few displaced persons have returned to places where their own ethnic kin are in control but, arguably, more refugees have been created by the Dayton agreement than have gone home.

Mr Bildt has threatened to postpone an aid conference scheduled in Brussels for April

12-13 unless the Bosnian parties comply with their obligations under Dayton, including the release of all remaining prisoners.

But if the conference proceeds organisers hope to raise about 1.3bn for this year, with emphasis on sectors such as transport, water and electricity, where links can be created between the Moslem-Croat federation and the Serbs.

"We are deliberately pursuing cross-entity structures," says Dame Pauline Neville-Jones, chief adviser to Mr Bildt.

The World Bank last week announced the disbursement of \$40m of the \$120m or more that it plans to spend on sanitation and agricultural projects in Bosnia this year.

Mr Tim Cullen, a Bank spokesman, believes that economic progress will soften ethnic bitterness. "People will see new farm animals arriving, new roads being built and their drinking water will no longer be mixed with sewage."

But it remains to be seen whether such practical steps will be enough to reduce the risk of a messy and quarrelsome end to Ifor's mission - and a hard argument about what to do next.



Bosnian Serbs watch as bodies are disinterred from a mass grave at Mrtkonje Grad in central Bosnia

Michael Wong had the urge to be compacted.



Michael Wong of Creative Pacific had a vision. A computer work station that squeezed component space down to nothing while, at the same time, increasing productivity.

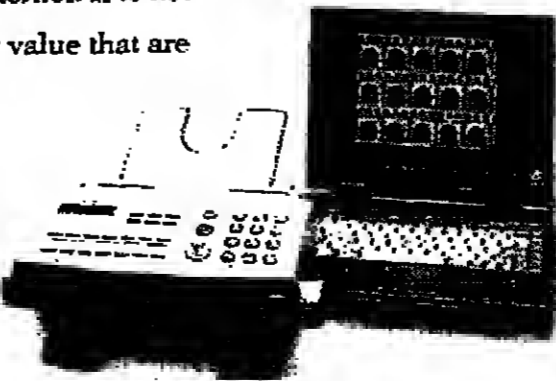
So he went to Taiwan where an interesting company, Plustek, showed him its newest idea: a color fax machine, color photo copier, scanner and OCR, all designed in a one-button unit no larger than a shoe box.

Creative Pacific decided to sell it in Australia, but in 30 other countries it is marketed as the Scanfx, the world's most complete multi-function scanner.

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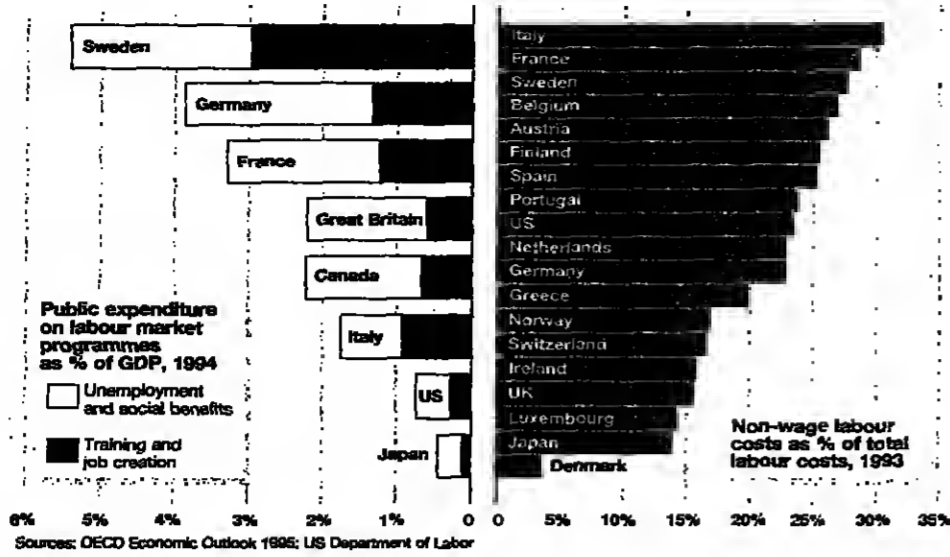
YKK CORPORATION

NEWS: INTERNATIONAL

G7 summit to focus on global lack of jobs

Ministers will discuss what can be done to cut unemployment levels. Robert Taylor reports from Lille

The Group of Seven largest industrialised countries' jobs summit, which opens today in Lille in northern France...



The number of unemployed has almost doubled in G7 countries since 1978, up from 13m to 24m...

The proportion of people without work for more than 12 months has risen markedly...

The Commission believes the problem is predominantly structural and suggests that part of the structurally unemployed could be 'relatively easily' re-employable...

However, this would still leave a substantial number of people facing the serious risk of social exclusion...

Drive to dismantle electronics tariffs

By Guy de Jonquières

The US, the European Union, Japan and Canada are discussing a joint drive to dismantle worldwide barriers to trade in electronic components...

Other proposals being considered include measures to increase mutual recognition of countries' differing technical standards...

The proposed agreement is being pushed particularly strongly by Washington and Brussels...

The idea of turning the transatlantic initiative into a platform for a global deal was suggested by electronics industries in the US and Europe...

Brittan looks ahead to fresh trade round

By Guy de Jonquières

Sir Leon Brittan, Europe's trade commissioner, will today urge World Trade Organisation members to commit themselves this year to preparing for the launch of new global trade negotiations...

Sir Leon's call, in a speech to be given in Geneva, is the furthest any senior policy-maker from a leading trading power has yet gone to place a proposal for a comprehensive trade round on the WTO's agenda...

He acknowledges that trade ministers from the WTO's 120 members will not be ready to decide on a new round when they meet in Singapore in December...

However, Sir Leon argues that a decision to launch new negotiations cannot be delayed beyond the end of the century...

Clinton speeds drug approvals

By Richard Waters in New York

President Bill Clinton has announced changes to the way cancer drugs are approved for sale in the US, a step that will result in new treatments being available more quickly...

The decision marks a breakthrough for pharmaceutical companies, which face shorter delays in bringing out new drugs and will have to show less evidence about a drug's long-term effectiveness...

Also, US doctors will be able to prescribe drugs approved in some countries abroad, regardless of where they stand in the US approval process...

Camdessus on course for third IMF term

Robert Chote looks at rivals who might emerge from the shadows

Mr Michel Camdessus looks on course for an unprecedented third term as managing director of the International Monetary Fund...

For now the contest is taking place in the shadows. It is not in the Frenchman's interest to declare his intentions too early...

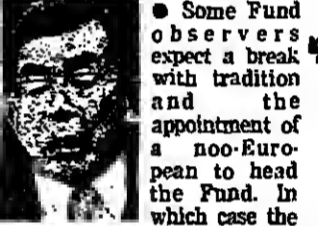
Frenchmen have now held the managing directorship for 18 consecutive years and in three of the last five decades...



Camdessus: shrewd operator



Sir Nigel Wicks (pictured left), second permanent secretary at the UK Treasury...



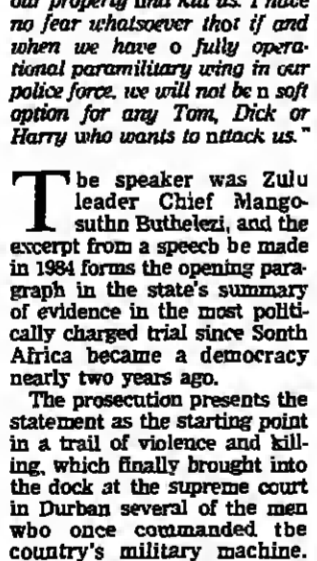
Mr Philippe Maystadt (pictured left), the Belgian finance minister...

PUBLIC NOTICES

FRIENDS PROVIDENT NOTICE OF MEETING. NOTICE IS HEREBY GIVEN that the 163rd ANNUAL GENERAL MEETING OF FRIENDS' PROVIDENT LIFE OFFICE will be held at GLAZIERS HALL, 9 MONTAGUE CLOSE, LONDON BRIDGE, LONDON, SE1, ON WEDNESDAY 24th APRIL 1996 at 2.30 p.m. to transact the following business...

Generals' trial divides S Africa

The prosecution says the officers used Inkatha to strike against the ANC. Roger Matthews reports



Malan: 'going excellently'

tinely at Camp Hippo, near the Angolan border. They were then returned to KwaZulu Natal, but after several weeks became restless and demanded action...

Mr Opperman, who has been living in Denmark under a witness-protection programme, admitted under intense cross-examination by seven members of defence lawyers that he could be described as a murderer...

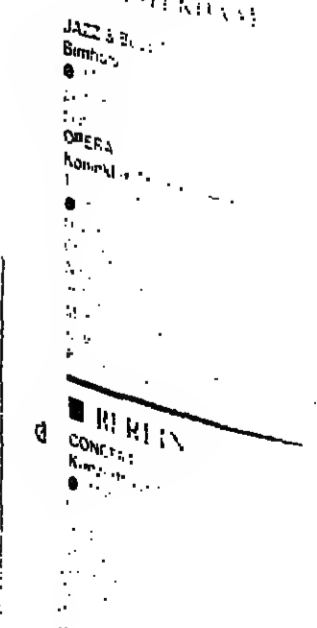
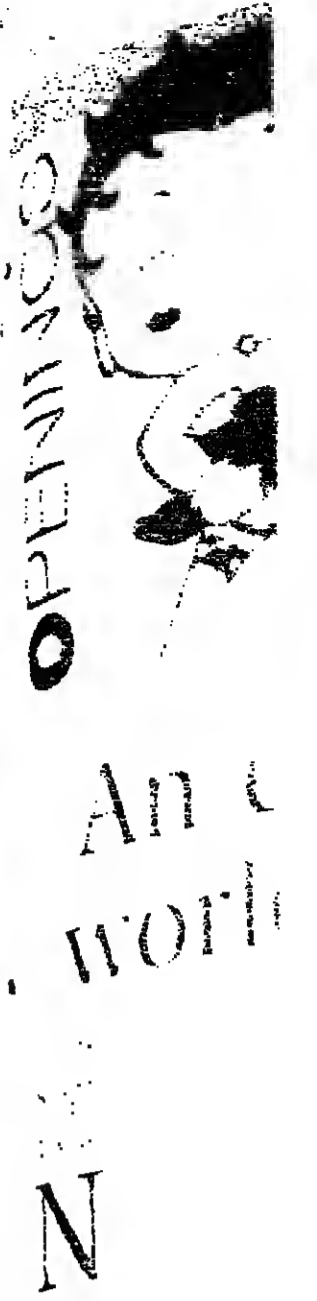
But there is time to chat with the accused. Gen Malan, who initially described the charges against him as 'the darkest hour for South African democracy'...

Algerian leader seeks dialogue

Algerian President Liamine Zeroual has invited more than 50 opposition leaders and influential figures to take part in a dialogue on the country's future...

Algerian newspapers said the talks, to start next Saturday, would tackle preparations for parliamentary elections by amending laws on political parties and voting procedures...

Mr Zeroual on Saturday sent letters to party and union leaders, social organisations and prominent figures inviting them to exchange views on the crisis in Algeria...



# HK protest over China's Legco plans

By John Riddling in Hong Kong

Several hundred people protested in Hong Kong yesterday against Beijing's plans to replace the territory's elected legislature when the territory returns to China next year.

The issue has become one of the main concerns of local democratic politicians and China's diplomatic partners ahead of next year's handover. Along with disputes over the formulation of the budget for 1997-98, it has prompted increased strains between Britain and China.

The demonstration included members of the Democratic party, which forms the largest element in the existing legislative council (Legco) but which is set to be barred from the replacement provisional legislature.

"We are the legitimate body and we will not be replaced by a rubber stamp legislature appointed by Beijing," said Mr Martin Lee, the Democrats' leader.

Pro-Beijing politicians played down the significance of the

protest. "The numbers tell you that for most people this is not a central issue," said a member of the Democratic Alliance for the Betterment of Hong Kong.

Reflecting China's stance he said the existing Legco was invalid because it had not been agreed between Beijing and London. Attempts to reach agreement on a "through train" legislature to span the handover failed after 17 rounds of bilateral talks.

Disagreement over the fate of Legco has been fuelled by statements from Chinese officials that senior Hong Kong government members should pledge loyalty to the new body.

In a sign that China may be easing its stance on the issue, officials at Xinhua in Hong Kong, China's de facto embassy, said there had never been a requirement that officials would need to declare support for the provisional legislature. However, officials serving after the handover would have to accept the new body.

Xinhua officials also rejected



Demonstrators take to Hong Kong's streets yesterday in protest at China's plans for a provisional legislature

claims of a lack in confidence in the new passport which will be introduced for the Special Administrative Region, as British Nationals Overseas passports.

1997. The comments came as thousands queued to beat a deadline for applications for British Nationals Overseas passports.

# Danger lurks in bank system

Tokyo failure provides timely reminder, writes Gerard Baker

It is difficult to imagine a less auspicious start to a new fiscal year than the one that awaits Japan's bankers and financial authorities this morning.

Four of the country's largest banks will be on standby, ready to ferry truckloads of cash to the 42 branches of a local Tokyo bank, in an effort to meet the probable demand caused by an expected run on deposits by its alarmed customers.

At around midnight on Friday, the four banks - Sakura, Sanwa, Tokai and Fuji - announced a plan to liquidate Taiheiyu Bank, a second-tier regional bank. As the leading shareholders in the ailing company, the four financial giants, in co-operation with the finance ministry and the Bank of Japan, had spent months trying to reconstruct its badly holed balance sheet.

Taiheiyu had lent extensively to a number of property speculators during the so-called bubble economy, the period of rapid rises in land prices in the late 1980s.

But by Friday it was clear that the bank could not be put together again. With net liabilities of ¥130bn (£82bn) and non-recoverable loans of at least ¥170bn, or about a quarter of

the total, Taiheiyu would have to be wound up as soon as was practicable. In the meantime, the big shareholders would guarantee the deposits of Taiheiyu until a replacement institution could be constructed to take over the bank's operations.

At the weekend, as the news was digested, customers began withdrawing deposits from the bank's cash machines - ¥748m in all. That trend is expected to accelerate this morning when Taiheiyu reopens - hence the promises from the shareholder banks to meet the demand with emergency lending if necessary.

The demise of Taiheiyu is only the second liquidation of a listed bank in Japan since the war. It again underlines the fragility of the whole financial system.

The troubles at the Tokyo-based bank had been known for some time. Taiheiyu had been deeply mired in lending to one especially troubled property developer. Its bad loan figure could still escalate, but is unlikely to approach the losses at the other listed bank that collapsed in the last year - Hyogo Bank in Kobe, which had nearly ¥800bn in dud loans.

The failure is a timely

reminder of the dangers that still lurk in Japan's troubled financial system, especially for the country's big banks.

Last week, just before the Taiheiyu announcement, most leading banks issued revised forecasts for their results for the fiscal year that ended yesterday. They revealed an unprecedented sea of red ink - total pre-tax losses of over ¥3,300bn, brought about by massive bad loan write-offs.

Several of the banks claimed the write-offs marked the end of the bad debt crisis of the last five years. But what they did not reveal is the extent of their contingent exposure to the high-risk actors in the rest of the financial system.

A host of smaller institutions have piled up even bigger losses than the banks themselves. Another batch of credit associations, several of which went bankrupt last year, regional banks such as Taiheiyu, and non-bank finance companies, are all believed to be under water.

The prospect of assistance from the government in this broader mess is a remote one. The authorities have said they would, in the last resort, act to prevent a failure that might

risk depositors' money, but they have specifically ruled out bailouts for listed banks. The finance ministry confirmed at the weekend that ¥60bn in funds from the Deposit Insurance Corporation, the body that protects deposits in the event of a failure, will be made available for Taiheiyu.

But since all the DIC's funds come from premiums paid by banks themselves that is not much consolation. It is clear the government's favoured solution remains for the banks to take responsibility.

That attitude has been hardened by the fight the government now has on its hands over the liquidation of the country's housing loan companies. The finance ministry's scheme for the liquidation requires the leading banks to take the largest part of the losses. But it controversially, allocates ¥685bn of public funds to the liquidation.

The package is bogged down in parliament, stalled by an opposition riding a wave of public disapproval of the scheme, and its outcome is still uncertain. But the uproar has reduced the likelihood of public money ever again being voted to assist lenders.

Sea feature: Merger heralds new era

# Sharp frosts still threaten China-US links

Taiwan crisis may have passed but a host of problems remain

US warships have withdrawn from waters off Taiwan and military exercises ended in the Taiwan Strait, but for China and the US there are more rocky times ahead. The two sides have a host of difficult issues to confront before their relationship enters calmer waters.

"It is a very troubled relationship right now," said Ms Anne Stevenson-Yang of the US-China Business Council in Beijing, whose organisation is fighting its annual battle to persuade the administration and Congress to renew China's most favoured nation trading status in the US.

Diplomats and congressional officials in Washington say

the Chinese business connection," said Mr Richard Fisher of the Heritage Foundation, a conservative US think-tank.

The two leading Republicans, Mr Newt Gingrich, the House speaker, and Senator Robert Dole, the majority leader, both voted in favour of renewal last year.

Political analysts say the measure could pass again this year, but they warn that this may depend on whether the administration takes a tough enough line on the intellectual property and proliferation issues. The waters are also muddied by the fact that in an election year the Republicans see political advantage in pushing the China issue.

Among vexed questions, that of the trade deficit is certain to be raised during debate about MFN renewal. China's surplus with the US reached \$33.8bn last year, according to US customs statistics, and may well exceed Japan's within the next year or so, making Beijing a target for US protectionists.

But the US-China Business Council argues that "large statistical errors" on both sides are distorting the picture and are primarily due to the "ever-expanding role of Hong Kong as an entrepot in the China trade". It estimates the China surplus at \$23bn in 1995, well below the US customs figure.

Argument last week in Beijing between American and Chinese officials over US accusations that China is circumventing textile quotas by exporting through third countries is typical of nagging problems.

The Chinese themselves acknowledge the difficulties, but it is not clear whether Beijing is willing - or even able during a difficult political transition - to make the sort of gestures on human rights, weapons proliferation or market access that might calm US opposition.

Even if the MFN question is resolved, Washington congressional staffers warn that other issues, including Taiwan, could return to haunt the two sides. Analysts said they were struck by the tough line taken by Mr Jason Hu, Taiwan's chief government spokesman, in Washington last week.

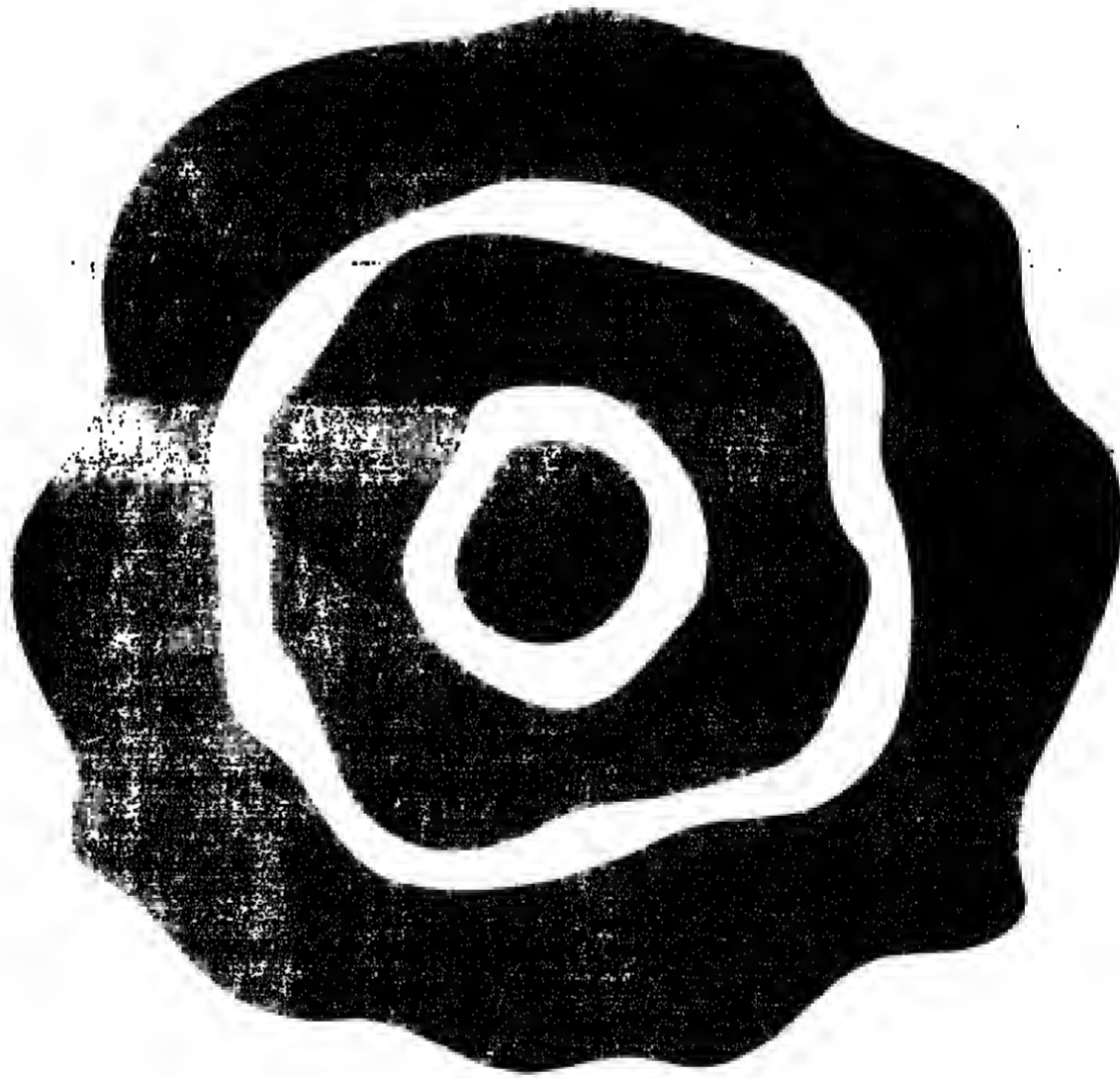
There may also be pressure on the Clinton administration to allow Taiwan's President Lee Teng-bui to visit Atlanta to watch his team in the Olympic games this summer.

Moreover, US congressmen are receiving a growing number of fax and e-mail protests from Hong Kong citizens worried by China's plan to abolish the Legislative Council when it takes over in 1997. They are pressing the administration to take a firm line.

The Christopher-Qian meeting in The Hague thus seems bound to be frosty. At their previous encounter last August in Brunei they agreed to try and stop the downward spiral in relations. This time the task will be harder.

Tony Walker and Peter Montagnon

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سكوا من الأمل

NEWS: UK

German bank to increase lending in UK

By Peter Marsh in London and Michael Lindemann in Bonn
The UK economy has been given a vote of confidence by IKB Deutsche Industriebank...

It has been one of the main forces behind the solid expansion over the past 30 years of Germany's Mittelstand companies...

IKB sees Britain as benefiting from having fewer labour market rigidities than Germany...

'We must not leave the door open to further scares' Beef farmers urge support

By Alison Maitland in London

An alliance of beef farmers from the UK and the Republic of Ireland yesterday called for "aggressive" action to eradicate BSE...

The programme goes further than the plan put forward last week by the National Farmers' Union of England and Wales...

The alliance, called The Farming Collaboration, represents 27,000 farmers in mainly poor, upland regions...

destroyed when they reach the end of their productive lives...

● A cull of animals born before 1989, when the ban began on specified bovine offals such as the brain and the spinal cord entering the food chain...

● The slaughter of any herd where BSE has occurred since 1989 or where it occurs in future...

● Random testing of the brains of dead animals from all herds, to see how widespread the disease may be...

● "Full and realistic compensation"

ers' Union, one of the six organisations in The Farming Collaboration...

Mr MacLeod said support buying to cover the drop in prices since the BSE scare began 10 days ago would cost roughly £300m (£47.2m) over the coming year...

Mr Fraser MacLeod, the director of the Scottish Crofters' Union...

Company bases its strategy on twins

By Clive Cookson, Science Editor

The world's first company with a business strategy based on twins has been formed in the UK. Gemini Research plans to gather genetic and medical information on 10,000 twins over the next two years...

The first targets are osteoporosis (brittle bone disease), osteoarthritis (painful joints), obesity and diabetes.

Genmi has bought exclusive commercial rights to exploit the twin database established four years ago by Dr Tim Spector at St Thomas's Hospital, London...

Genmi plans to have 30 full-time researchers at St Thomas's to extend this database and it will establish a second database at St Vincent's Hospital in Sydney, Australia.

Genetic researchers have used twin studies for many years as a way to help disentangle the effects of heredity and the environment on human development...

An investigation in the US, The Minnesota Study, focused on identical twins who were separated at birth...

Dr Nigel Morrison of St Vincent's Hospital, one of Gemini's scientific founders, says gene discovery companies in the US have made some use of twin studies...

The St Thomas's twin volunteers are not paid, apart from travel expenses. Dr Spector said: "They want to help medical research, they get a full free medical check-up, and they often use the occasion socially to meet their twin."

Genmi's first £2m funding comes from private investors, mainly on the west coast of the US. It expects to raise more money over the next year and to go public in 1998 or later.

The company is also negotiating corporate partnerships with pharmaceutical groups to help to fund its research.

One of the founders is himself a twin. Dr Paul Kelly of St Vincent's has a twin brother, a lawyer in Brisbane, Australia.

UK NEWS DIGEST

Sega cuts price of Saturn console

Sega, the Japanese computer gamesmaker, is to cut the price of its Saturn console in the UK by £50 (£76) to £299, intensifying the battle for market share between Sega and Sony...

Sega's Saturn originally cost £399 but this was cut to £299 to match the launch price of Sony's PlayStation. Sony now has a substantial sales lead over Sega in the UK market in 32-bit consoles...

George Cole, London

Warning on Emu costs

UK banks could find they have to spend millions of pounds more than they expect if they continue to delay preparations for conversion to a single European currency...

Mr Shahram Nikpour, the partner in charge of financial services at BMS Bossard, said UK banks were lagging behind counterparts in France, Germany and Spain...

George Graham, Banking Correspondent

Societies face slimmer future

Most building society executives expect their industry to have shrunk drastically by the year 2000 and believe their customers do not care about their mutual ownership...

George Graham

Car dealers halt expansion

Poor profitability on sales of new cars is leading some of the UK's biggest publicly owned car dealer groups to halt and even reverse plans to take more of the market from smaller independent dealers...

Research done separately by Sewells International, the market monitoring group, and the industry journal Automotive Management provides clear evidence of retrenchment by big groups throughout Britain...

John Griffiths, Industrial Staff

RAF veteran retires: The 75 Chipmunk trainer aircraft owned by the Royal Air Force are to be sold after one of them made its last flight with the service yesterday...



If the rainforests are being destroyed at the rate of thousands of trees a minute, how can planting just a handful of seedlings make a difference?

A WWF - World Wide Fund For Nature tree nursery addresses some of the problems facing people that can force them to chop down trees.

Where hunger or poverty is the underlying cause of deforestation, we can provide fruit trees.

The villagers of Mugunga, Zaire, for example, eat papaya and mangoes from WWF trees. And rather than having to sell timber to buy other food, they can now sell the surplus fruit their nursery produces.

Where trees are chopped down for firewood, WWF and the local people can protect them by planting fast-growing varieties to form a renewable fuel source.

This is particularly valuable in the Impenetrable Forest, Uganda, where indigenous hardwoods take two hundred years to mature. The Markhamia lutea trees planted by WWF and local villages can be harvested within five or six years of planting.

Where trees are chopped down to be used for construction, as in Panama and Pakistan, we supply other species that are fast-growing and easily replaced.

These tree nurseries are just part of the work we do with the people of the tropical forests.

WWF sponsors students from developing countries on an agroforestry course at UPAZ University in Costa Rica, where WWF provides technical advice on growing vegetable and grain crops.

Unless help is given, soil is exhausted very quickly by "slash and burn" farming methods. New tracts of tropical forest would then have to be cleared every two or three years.

This unnecessary destruction can be prevented by combining modern techniques with traditional practices so that the same plot of land can be used to produce crops over and over again.

In La Planada, Colombia, our experimental farm demonstrates how these techniques can be used to grow a family's food on a small four hectare plot. (Instead of clearing the usual ten hectares of forest.)

WWF fieldworkers are now involved in over 100 tropical forest projects in 45 countries around the world. The idea behind all of this work is that the use of natural resources should be sustainable.

WWF is calling for the rate of deforestation in the tropics to be halved by 1995, and for there to be no net deforestation by the end of the century.

Write to the Membership Officer at the address below to find out how you can help us ensure that this generation does not continue to steal nature's capital from the next. It could be with a donation, or, appropriately enough, a legacy.



WWF World Wide Fund For Nature (formerly World Wildlife Fund)

International Secretariat, 1196 Gland, Switzerland.

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CONTRACTS & TENDERS

The Government of the Republic of Croatia hereby invites Applications for INTERNATIONAL COMPETITIVE BIDDING FOR FINANCING CONSTRUCTION OF THE ADRIATIC HIGHWAY IN THE SECTOR: MASLENICA-ZADAR-SIBENIK-SPLIT-METKOVIC-DUBROVNIK

Interested Applicants are invited to participate in the International Bidding for Financing Construction of the Adriatic Highway in the Sector: Maslenica - Zadar - Sibenik - Split - Metkovic - Dubrovnik. The total length of the sector for which Applications are invited is approx. 335.40 km.

The sector is divided into five sub-sectors as follows:

- I Maslenica - Zadar 2, 20.1 km in length
II Zadar - Sibenik, 57.5 km in length
III Sibenik - Split (Dugopolje), 57.6 km in length
IV Split (Dugopolje) - Metkovic, 110.8 km in length
V Metkovic - Dubrovnik (Cilipi), 89.4 km in length

Applicants may submit Applications either for the entire sector or for any one of the above mentioned subsectors.

The objective of this bidding procedure is to:

- a) select organisations, consortia or companies capable of financing, building and operating - in the scope of a concession scheme and using their own funds - the Adriatic Highway sector or subsector as indicated in Article I.
b) select an organisation ready to build the Adriatic Highway sector or subsector mentioned in Article I and in provide financing for such construction, in which case the Republic of Croatia would assume the obligation of repaying such credits.

All national and foreign legal and physical persons are entitled to participate in this Bidding Procedure.

The bidding will be conducted in two stages:

- 1. Prequalification stage
2. Qualification stage

The Applicants that qualify at the prequalification stage shall be invited to submit their Bids.

Prequalification documents may be ordered from or collected at the offices of the public company Hrvatske ceste, 10000 Zagreb, Vojscina 3, Croatia, from 8 am to 3 pm on each working day (room No. 300/3rd floor). Phone: 385 1 445422, Fax: 385 1 441856, for a non-refundable fee of 500.00 KRa to be paid in advance in the local currency No 30102-601-82731 opened at Privredna banka, Zagreb, or for an equivalent amount in US\$ to be paid in advance to the foreign-currency bank account No. 7000-280-0182800-288 opened at Privredna banka, Zagreb, starting from April 1, 1996.

Applications shall be submitted in accordance with Instructions to Applicants in the authority specified in Article V not later than on 17.5.1996.

Applicants shall be informed about the prequalification procedure and results thereof in accordance with Instructions in Applicants.





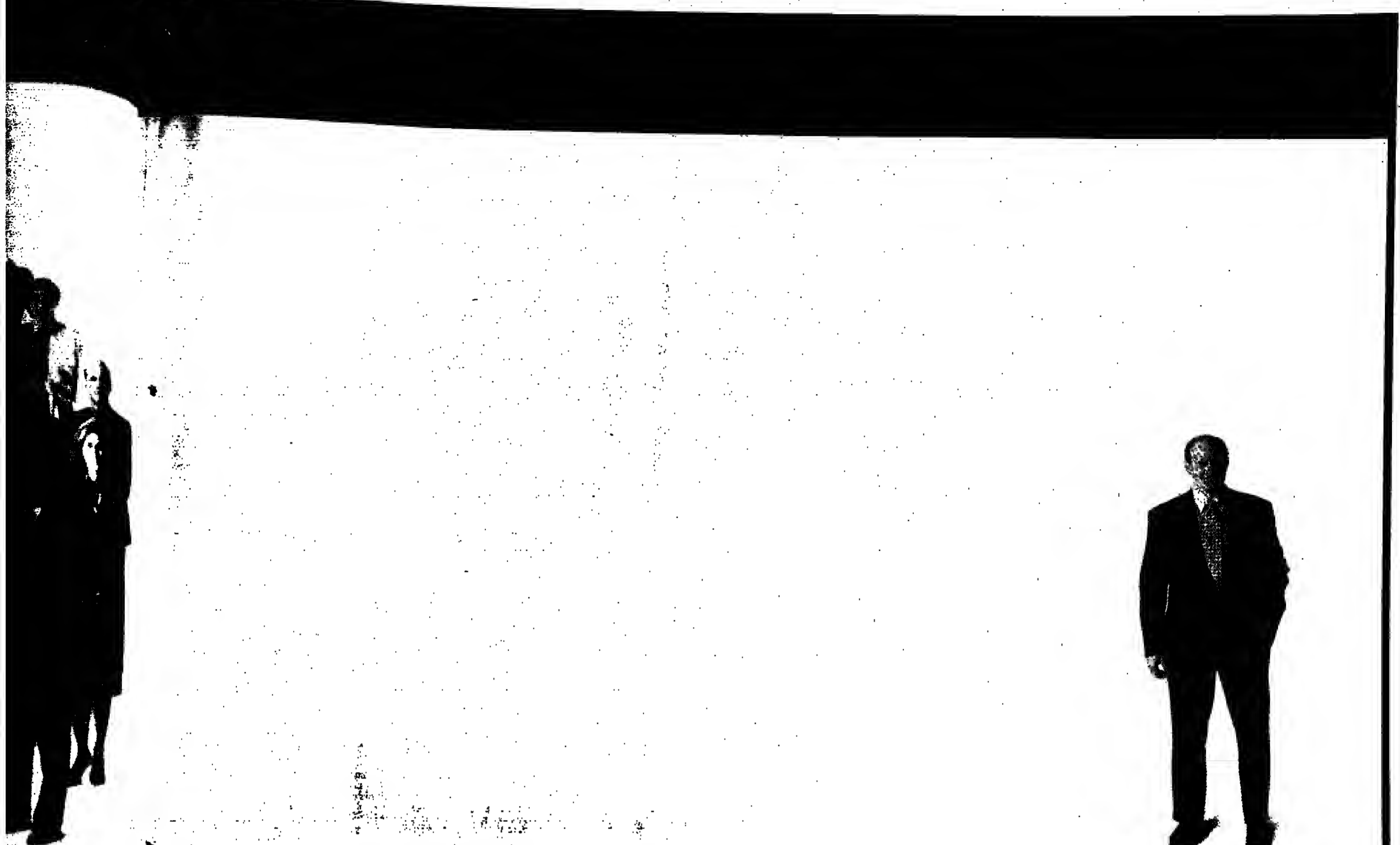
Starting April 1, 1996 no one will carry more weight in the world fi

First Row: Don Layton, Dick Matteis, Ed Miller, Michel Kruse, Walter Shipley, Tom Labrecque, Bill Harrison, Arjun Mathrani, Jimmy Lee, Jim Zeigon  
Second Row: Cynthia Green, John Fox, Herb Aspbury, Carol Burt, Paul Brandt, Paul Bachus, Doug Anderson, Henry Gooss, Suzanne Hammett, Terry Todman, Aristides Georgantou, Ina Drew  
Third Row: Maria Elena Logomasino, Sarah Jones, Frank Lourenco, Nina Libin, Bernie Jacob, Harold Meyerman, Jeff Larsen, Jeff Walker, Dod Fraser, Kathy Tucker, Georges Vergison  
Fourth Row: Peter Gleyseem, Pat Bonan, Ken Loy, Nancy Mistretta, D'Arcy LeClair, Leslie Lassiter, Deb Talbot, Dexter Charles, Yvonne Cliff, Karen Keating, Mavis Tainor, Greg Nelson  
Fifth Row: Carroll Wetzel, Mark Richardson, Susan Segal, Len Spalding, Tom Swayne, David Nelson, Don Wilson, John Youngblood, Marc Shapiro, Barbara Lustich, Brian O'Neill  
Sixth Row: Tom Reifmeyer, John Adams, Vivian Banta Eversole, Bruce Hannon, Charles Baccio, Todd MacLin, Richard Edwards, Margaret Corring, Alan Buchwalter  
Seventh Row: Gene Marshall, Chris Rocker, Dennis Goggin, Morten Arntzen, Jorge Jasso, Daniel Camel, Bob Gillham, Bill Finnegan, Bill Rockford, Greg Parris, Robert Fallon

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BUSINESS EDUCATION

Scientists are learning how to become successful managers, says Della Bradshaw

Atoms and ambiguities

Mwangi Wamue, a Nigerian by birth and scientist by training, had been working in a North American software house for several years when he decided to study for a master of business administration (MBA) degree...



One of the toughest tests for the Cornell course will be how well the first set of graduates, who will leave the school this June, fare in the job market...

NEWS FROM CAMPUS

Harvard's Odyssey to the rescue: Managers who are in the throes of a mid-life crisis have had a course designed especially for them.

Corporate directors head for Georgia: Directors and board members who want to study corporate governance and other top-notch topics can now study in America's south-east corner.

Greener issues for smaller companies: Small and medium-sized companies are being given a helping hand by the European Social Fund to learn about environmental management.

Handy videos for corporate education: The expertise of Charles Handy, fitted as a management guru, is now available on video.

CONFERENCES & EXHIBITIONS

MARCH - DECEMBER 1996

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APRIL 19 Electronic Publishing Options: Publishers and information managers are facing the challenge of providing access to increasing amounts of information... APRIL 22-23 IBC's 8th Annual REGULATION conference: Going to grips with the latest compliance issues affecting the day to day business of M&P and P&A members...

APRIL 25 & 26 Intelligent Systems for Finance and Commerce: Find out about the electronic decision making that shapes the financial markets... MAY 2-3 The Development of the Financial System Under Conditions of Transition: The Case of Croatia...

MAY 20-21 7th International Life Insurance Conference: Programme to discuss: Ethics, Affluence, Customer Service, Distribution and International Expansion... APRIL 21-23 5th International Retail Financial Convention for the Middle East: A three day conference addressing the latest issues in retail banking and cards & payments...

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ARCHITECTURE / SPORT

New world on the waterfront

The redevelopment of Cardiff bay builds on its maritime past, says Colin Amery

The future looks bright for Cardiff bay. In 1987 the government set up the Cardiff Bay Development Corporation to plan the regeneration of 1,100 hectares of land to the south of the Welsh capital, and since then the vision of a new maritime city has started to flower.

On land where world records for the export of coal were set, private developers and the corporation are making a new world. The massive Cardiff bay barrage - 1,000 metres of stone and concrete to control the sea - is under construction and is due to be completed in 1998, turning the tidal waters into a 200-hectare freshwater lake and creating an extensive waterfront for new developments.

The scale is big and the opportunities grand. Indeed, on a recent visit I felt a rare confidence that things were going in the right direction.

Unlike the developers of London's docklands, Cardiff is doing things the right way round. Extensive infrastructure is under way, timed to fit in with development. Advice has been taken from one of the best planning architects in the world, Ben Thompson, of Benjamin Thompson Associates, the American firm responsible for a number of undoubted civic successes in the US.

Because Cardiff has a plan, we are likely to see none of the laissez-faire that resulted in the haphazard and unsatisfactory development of London's docklands.

Initial development in Cardiff is taking place on prime waterfront land, much of it owned by Associated British Ports Holdings and its property devel-

opment subsidiary, Grosvenor Waterside. Private development is the key to the successful regeneration of the bay, working, as it is, within the overall strategy of a well thought out master plan.

It is unfortunate that Cardiff bay's architectural prominence began with its recent ill-judged architectural competition for a new opera house, although no one doubts that a fine theatre for music will - in time - play a role as part of the bay's planned renewal.

In fact, there is now much relief that a moderate and locally based approach will ensure that the region gets what it wants in terms of a music theatre - not an imposed solution as the result of an ill-run competition. As that particular cloud lifts from the bay, light falls on what has already been built.

The best building is the new headquarters for NCM Credit Insurance on Capital Waterside, close to the towed late Victorian Pierhead Building that dominates the inner harbour. The architect for this landmark building is HMA.

The building is an architectural and commercial success: 11,000 square metres were pre-let in 1992, as a result of which the client had the opportunity of working closely with the architects and developers, Grosvenor Waterside, to achieve what it needed. It sets a commercial standard that is both high and imaginative.

The client asked for one particular thing: that the light and life of the maritime world of the bay should somehow become a part of the office build-

ing. The shape of the site helped with this requirement because the architects were able to design a prow-shaped plan which projects the whole building into the bay.

At the centre is a large, full-height atrium that opens the entire office block to the light and the water. The atrium is not one of the many useless high spaces that have become a cliché of modern office developments. Instead, it is genuinely the circulation centre of the company, and because it has galleries and walkways at all levels it is permanently active and somehow draws people towards the maritime views. It is a bit like being on an enclosed pier that happens also to be an insurance office.

From inside and outside, the architects have liberally interpreted the sea-side associations. The roof of the atrium is a free flowing sail shape, while the curved walls suggest the sides of a powerful ship. Columns are rounded like masts and the use of fine timber finishes evokes a well-made yacht.

I was struck, too, by the unobtrusive services - including circular vents for air from the displaced air circulation system - and the high standard of detail throughout the building. NCM Credit Insurance sees the value of a quality environment for its employees, and insisted that 80 per cent of the offices which are open plan are within sight of a window so that staff can enjoy the coastal views.

Many of us are largely spent looking at a screen or being on the telephone, often both things at the same time. The opportunity for enjoying the architecture of our surroundings comes as we walk to lunch or a meeting.

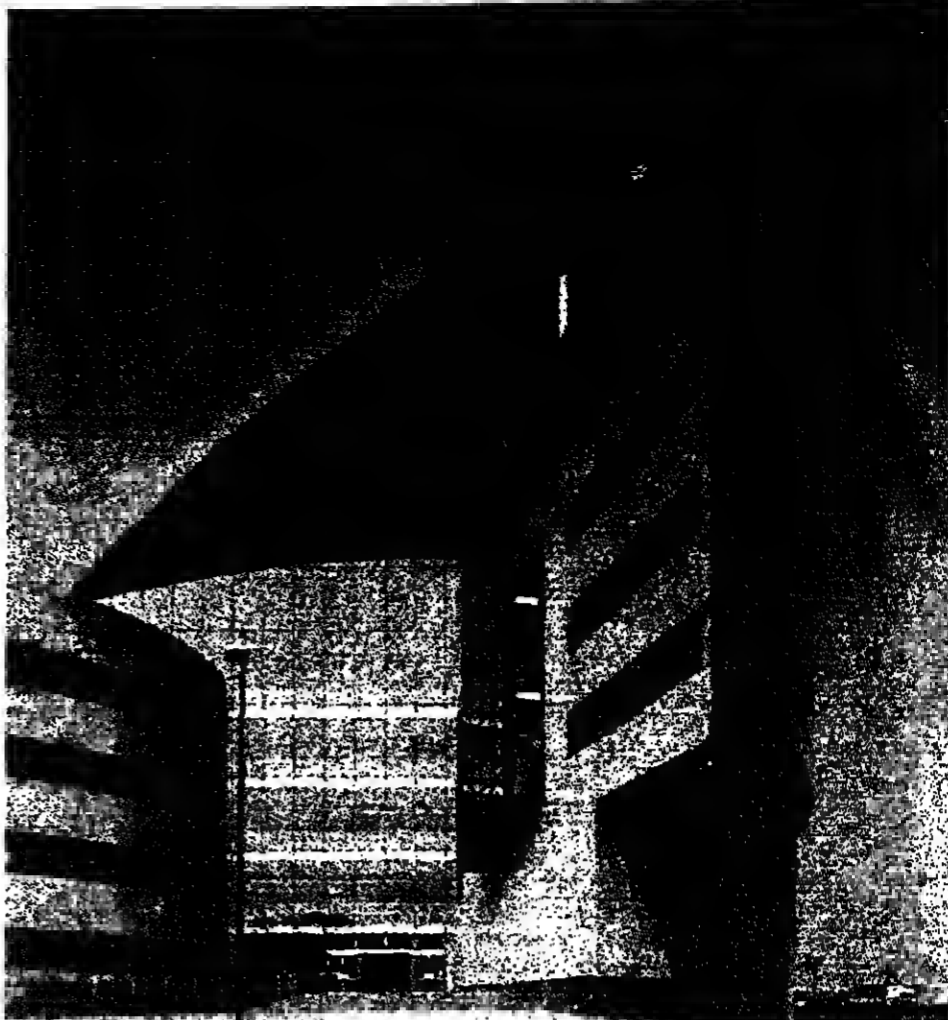
In contrast, this Cardiff bay office building has a real sense of collegiate community that has been achieved by the architects. There is a strong sense of the quality of the surroundings enhancing the quality of working life. This must be the aim of architects at all times, but I have always sensed that it is only achieved when the architects are working closely with the client and when egos are forgotten.

There is an equal sense of this desire to enhance the working and living environment in the rest of the Cardiff bay development. The place is stunning, and the decision to allow the Cardiff Bay Art Trust a large role has helped enliven the development.

Remarkably, even the sinuous form of the barrage itself has been seen as an artwork under the guidance of architects Alsop and Stormer, and its surface will be treated as a linear park. Throughout the bay, 30 artists have been at work, adding a liveliness that is inspirational.

Quality pays, and it is to be hoped this policy will continue, especially in the next phase of commercial development and in the urban village of houses that will attract residents to the area.

All this is only a kilometre from the centre of Cardiff - a city that is undoubtedly on the architectural cutting edge and making the best of its naturally beautiful setting.



Streamlined and prow-like: the Cardiff bay headquarters of NCM Credit Insurance



Ferdinand Fairfax rowed at Eton. It was a dreadful mistake. I thought you could slide off down the river, park up and read a book. It wasn't a bit like that," he recalls, 30 years on.

Boat Race still in a class of its own

Keith Wheatley meets the director of 'True Blue', also known as 'Chariots of Fire - With Boats'

Why Fairfax, a film school intellectual with virtually no interest in sport, should have become hooked on this event is interesting. Indeed, rowing is the ultimate niche sport. Apart from those who take part, almost no one else is interested - with the exception of the Boat Race.

For this one event the global television audience is said to exceed 250m. Beebeater Guinness sponsors it at a cost of £1.2m a year. This raises bemusement at the UK's Amateur Rowing Association. Despite continu-

ing Olympic successes, the ARA struggles - with little reward - to find sponsors. Perhaps Fairfax, an outsider who has now lived briefly on the inside, could explain the riddle. "Boat Race? No one gives a damn about the Boat Race," he says. "It's a total anachronism." However, he adds that for those who take part "it's a commitment to one brief moment that affects people for the rest of their lives. And despite the misanthropy, it's all in the head. Look at the finish on Saturday. The winning team could go out and

row the course again. The losing team are ready to be carted off to hospital." He tells an actorish story to illustrate how much the Boat Race means to the participants, even years later. Hugh Laurie, the actor and comedian whose life has been garlanded with success since leaving university - he rowed for Cambridge - had invited Fairfax to dinner. Fairfax remarked on the car mounted on the top above the fireplace. "That's not mine. It's my father's," replied Laurie through clenched teeth. His

crew had lost to Oxford, and this had not been awarded their oars. Jim Garman was a member of the Cambridge crew who lost against the odds in 1987. "It was four months before I could talk about that day to anyone," he says. According to those who have been on the set of True Blue, the young actor (none of them originally rowers) is paying the Oxford crew to become totally possessed by their roles. "Every time the University of London eight, which doubled for Cambridge,

were on the river with us they just wanted to race the pants off them," says Fairfax. Perhaps because of the nationalistic overtones of the 1937 mutiny, the new film has been dubbed Chariots of Fire - With Boats. Certainly there is a vein of anti-Americanism in the saga, which had its roots in the fashion for bringing over large, strong American Ivy League postgraduates to row in the Oxbridge boats. In 1987, chance brought an explosive mixture together in the Oxford crew, including Chris Clark, a Californian with

the attitudes and expectations of a near-professional athlete. Dan Topolski, the man-about-town Oxford coach with an unprecedented streak of consecutive wins behind him, and Donald MacDonald, the Oxford president (skipper). There were definitely internal divisions, but the subsequent conflagration was fuelled by headlines such as "Brash Yanks Hijack British Institution". When the five Americans left the crew, MacDonald led his reserves to victory against all odds. I couldn't resist asking Fairfax how that ending plays in Hollywood. "Well, it is true that they see the film in terms of Chariots of Fire," he admitted. "But all they remember about that movie is that it won an Oscar and took millions of dollars."

Table with 4 columns: 12 hour period, Bid, Ask, and Bid-Ask spread. It lists various market data points.

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THE WEEK AHEAD

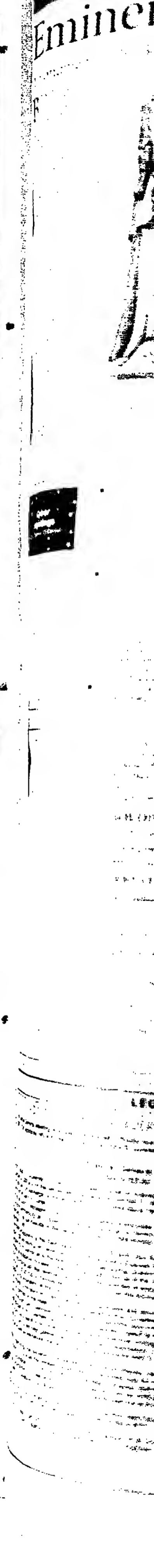
UK COMPANIES

Table listing UK companies and their share prices. Includes sections for 'TODAY COMPANY MEETINGS', 'TOMORROW COMPANY MEETINGS', and 'UNITED INDUSTRIES'.

DIVIDEND & INTEREST PAYMENTS

Table listing dividend and interest payments for various companies. Includes sections for 'TODAY', 'TOMORROW', and 'LIBRARY LIFE ASSOC'.

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**BUSINESS TRAVEL**

**Travel News • Roger Bray**

**British beef grounded**

"This is your captain speaking. We shall be flying at an altitude of 36,000ft and the *filet de boeuf* comes from New South Wales." The current scare over British beef has prompted many airline passengers to ask about the origin of the beef placed in front of them. Here are some examples of the answers.

United Airlines insists that all its steaks started out in Chicago and come from "good mid-western farms". British Airways says it has withdrawn beef from flights where there was no alternative supply.

Air France says it is serving Irish, South American or Scottish beef, while Singapore Airlines has taken beef off the menu across its network. Last week Japan Airlines was serving lamb in first class - guinea fowl in the business cabin.

**New German airport**  
Mönchengladbach's gleaming new airport opens for business today, with 75-minute flights to and from London's City airport and a minimum check-in time of 10 minutes. Called Düsseldorf Express, the airport is a 10-minute (free)

bus ride from Mönchengladbach station, where trains run to other German cities. Arriving passengers, it is claimed, can be off the aircraft and through the terminal in five minutes. The airport is 20km from the centre of Düsseldorf and about 30 minutes' drive from Cologne. Belgian airline VLM operates four round-trips a week from London City airport, plus two a day on Saturdays and Sundays.

**Seoul takes off**  
Seoul's Gimpo airport attracted a 14.2 per cent increase in passengers last year, the fastest growth at any leading city airport in the

world. Seoul handled almost 31m passengers in 1995, making it second busiest only to Tokyo's Haneda in the Asia-Pacific region.

Preliminary figures from the Geneva-based Airports Council International show passenger growth strongest in Asia-Pacific (up 7.3 per cent). It was weakest in North America (up only 3.2 per cent).

**Dijon fast rail**  
Dijon, which is due to open a new congress centre in December, is trumpeting its fast new rail connections. The start of a 105-minute TGV link with Roissy, the station which serves Paris Charles de Gaulle airport, brings the Burgundy

capital within easy striking distance of a clutch of European cities. Examples: fly from Hamburg to Charles de Gaulle at 4.50pm or Amsterdam at 8pm, catch a 7.27pm train and arrive in Dijon at 9.11pm.

However, flying from Madrid at 12.15pm would mean a wait of more than three hours before catching the TGV. At present there is only one train a day in each direction. The return service leaves Dijon at 6.37am and arrives at Roissy at 8.24am.

**South Africa booming**  
Booming travel to and from South Africa continues to spur improvements in links

between Johannesburg and Europe. In a move to provide more connections, South African Airways has just switched Paris services from Orly to Charles de Gaulle's Terminal 1, which it will share with partner Lufthansa, United Airlines, Denmark's Maersk, SAS and Thai International.

Its Frankfurt flights will increase in number from six to seven a week from July 8, and it is code-sharing a further seven services there with Lufthansa. An extra Heathrow flight - leaving Johannesburg at 8.30pm and arriving at 6.28am - will operate from July 19, bringing the total number of direct London services to 13 a week.

	Mon	Tue	Wed	Thu	Fri	Sat
Tokyo	38	19	14	10	10	11
Hong Kong	25	23	24	24	24	24
London	8	8	10	10	10	11
Frankfurt	8	8	8	8	10	10
New York	12	8	7	8	8	8
L. Angeles	18	19	23	24	24	24
Milan	11	14	15	15	15	15
Paris	10	9	9	11	11	11
Zurich	9	7	8	8	8	8

Information supplied by Meteorological Service of the Netherlands

**BEIRUT DAMASCUS** 0345 320100

**The world globe-trotters' unhappy landings guide**

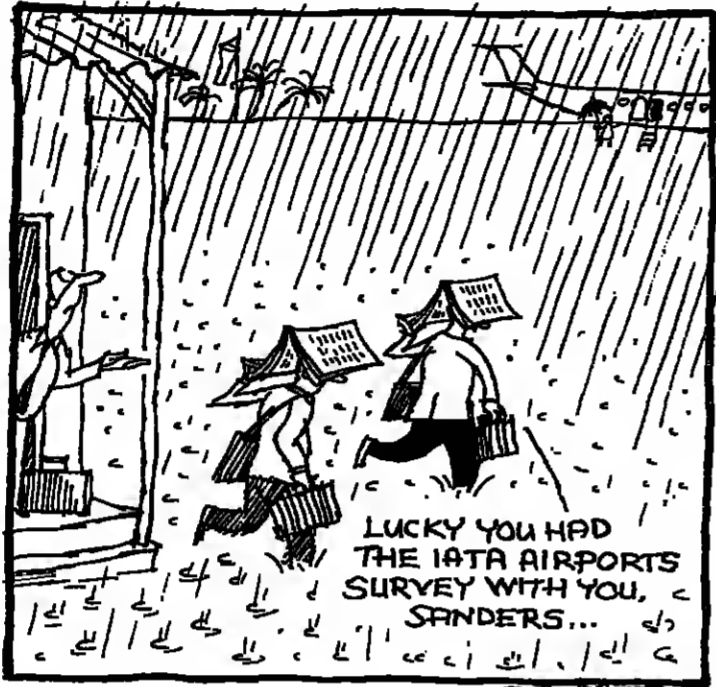
Singapore's Changi has been voted the most convenient large airport in the world by business travellers. Bottom of the poll was Athens, slated for its discomfort, limited shopping and poor restaurants. The ratings come from an International Air Transport Association survey of 45,000 passengers at 43 airports.

Britain's Manchester finished second to Changi, followed by Amsterdam's Schiphol, North Carolina's Raleigh-Durham, which was the top US performer, Melbourne, Calgary and Sydney. Greater Cincinnati recorded the biggest improvement since last year after expansion and the opening of an international terminal in 1994.

Tokyo's Narita took next to bottom place, raising the question of whether all those bitter battles between Japanese police and environmental protesters over the development of the airport were worth the blood and bruises.

Other poor performers were, unsurprisingly, New York's bewildering JFK, Washington Dulles, Boston's Logan, Detroit Metropolitan Wayne County, Los Angeles and Miami. Both Paris International airports, Charles de Gaulle and Orly, got the thumbs down. London's Gatwick did significantly better than Heathrow, which failed to make it into the top 15.

The findings showed passengers still unhappy with the food at most airports. Heathrow and Gatwick, where culinary guru Egon Ronay was called in to check quality, both scored higher marks in this department than they did overall. Dispelling the notion that Australia offers



only steak, fries and HP sauce, Melbourne was voted best for restaurants - followed by Sydney, Amsterdam, Manchester and Gatwick.

In the luggage category, Singapore's carousels delivered bags with least delay. Then came Manchester, Schiphol, Raleigh-Durham, Edmonton International, Orlando, Sydney and Gatwick. Heathrow's performance was middling, Hong Kong and Orly were slowest.

Manchester topped the vote for comfortable lounges and waiting areas, ahead of Changi. Gatwick again beat Heathrow in this category, though both were in the top 15.

Gatwick's shops came third after Amsterdam and Singapore. Heathrow was sixth, behind Dubai and Manchester.

Roger Bray

To the 1bn people who travel on international flights each year, an airline ticket is as familiar an item as a newspaper, car key or pocket diary. Few travellers ever look at the small print sections in those tickets. They would find them impossibly complicated if they did. But among the tiny print are sentences that could highlight the lives of passengers and their families if they were injured or killed in an air crash.

The section of the ticket that could do this is headed "Advice to International Passengers on Limitation of Liability". It tells

**If passengers are injured or killed, there might be damages of as little as \$10,000**

passengers that if they are injured or killed, they or their relatives might receive damages of as little as \$10,000 (£6,600) under a 67-year-old treaty called the Warsaw Convention.

The Warsaw Convention is an intergovernmental treaty. Although governments have had a small amount of success in increasing the amount of damages available under it, the convention is still seen by those travellers who know about it, and even many airlines, as severely deficient. The limits on damages contained in the convention can only be breached if plaintiffs can show the airline has been reckless. Some governments reached a new agreement in 1955, the Hague

**Read the small print**

**Michael Skapinker describes the confusion over damages for airline accidents**

Protocol, doubling the limit on damages to \$20,000. But certain countries did not sign, notably the US, which said the \$20,000 limit was too low. The US later raised the limit to \$75,000 for airlines travelling to or from the US.

Other countries took unilateral action. Japanese airlines abolished the limit on damages completely in 1992. Many European airlines set a limit of \$155,000. Australia established a ceiling for damages of A\$500,000 (£263,000).

Mark Franklin, an aviation specialist at London solicitors Frere Cholmeley Bischoff, says: "It's very confusing. You might have an accident in which four passengers sitting in the same row are killed and all four are governed by different regimes. This has given rise to a lot of litigation."

Franklin says that, faced with the cap on damages, juries in the US have often simply decided that airlines have been reckless, so that the Warsaw Convention limitations do not apply. After the 1983 shooting down of the Korean Airlines Boeing 747 and the 1988 Pan American Lockerbie disaster, both airlines were held to have been reckless.

Many airlines believe the confusion needs to be ended and replaced with a standard compensation system. Governments have been unable to reach

This is a difficult demand for IATA to accept. While the Warsaw Convention gives airlines the right to offer a higher level of damages if they want to, it does not allow them to alter the rules on where claims for damages can be brought.

Passengers or their families can bring their action in the country in which the ticket was bought, where the airline has its principal place of business or in the country to which the passenger was travelling. The latter must be the passenger's final destination, as shown in the ticket. If it is a return ticket then the final destination is the one to which the

**The Warsaw Convention is considered by many travellers and airlines as severely deficient**

passenger planned to return.

This means that an American flying on, for example, an Asian airline, between two Asian cities with a ticket bought in Asia, would not be allowed to sue in the US. To the Americans, this is unacceptable. IATA's legal sub-committee is meeting in Montreal on Wednesday to see if it can find a way of satisfying the Americans' demands.

Persuading US carriers to sign the agreement will be an important step towards ensuring it comes into effect by its due date of November 1. Lorne Clark, IATA's general counsel, says the agreement needs the signatures of about 70 airlines if it is to be effective. So far, 29 airlines have signed.

An enal world of

ARTS GUIDE

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23 BLUES  
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The Heart of Asia.

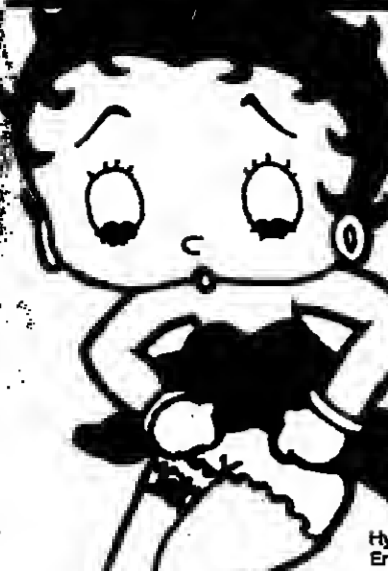
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OPENINGS



FERRARA An exhibition celebrating '100 Years of Cartoons'...

ANTWERP The Flanders Opera's decision to mount a new staging of Wagner's 'Parsifal'...

ZURICH An exhibition of recent archaeological discoveries from China...

MILAN It is 20 years since Colin Davis last conducted Barozzi at La Scala...



NEW YORK This is the 40th anniversary of the Metropolitan Opera...

LONDON The actress Irene Worth (right) celebrates her 80th birthday...

Opera/Andrew Clark

An enabler in a world of dreams

His ability to win the confidence of artists is key to Stéphane Lissner's management style. Now he is set to revitalise programmes in Aix-en-Provence and Madrid

Nothing succeeds like success. Barely four months after being appointed director of the Aix-en-Provence festival, Stéphane Lissner has accepted the task of running Spain's principal opera company...

hined his work at the Châtelet with the post of intendant at the Orchestre de Paris. While Jacques Chirac was mayor both organisations were fuelled by his cultural ambitions...

idea of Don Carlos. I was talking to Thomas Hampson, who told me how much he wanted to sing in the original French. The production grew from there...



Lissner: 'You must take risks'



Peak malpractice: location of the first act of 'Giselle' to a cramped Austrian mountain resort in the 1920s renders a sensible text unlikely

Ballet

The first act of madness

Derek Deane's 'Giselle' is only partially successful, writes Clement Crisp

A holy ballet. So Tamara Karsavina, the ballerina, described Giselle, and in the best stagings (an accolade now only to be given to the Kirov version) we sense the sublimities that lie at the work's heart...

It is Deane's first act which I see as an aberration. The Giselle of 1841 was standard Romantic drama in its savouring of the local colour of a Germany remote in time...

Everything makes sense on these terms, and every least fact - from sword to vintage celebration - forms a harmonious background.

Edur is an aristocrat in all things - in emotional fineness, in nobility of style. He has the secret of stillness - Albrecht confronted by Giselle's madness is a man frozen by guilt...

INTERNATIONAL ARTS GUIDE

AMSTERDAM JAZZ & BLUES... BERLIN CONCERT... COPENHAGEN DANCE...

BRUSSELS THEATRE... CAPE TOWN OPERA... MUNICH OPERA... NICE EXHIBITION... PARIS DANCE...

DUBLIN CONCERT... EDINBURGH MUSICAL... LONDON CONCERT... NEW YORK EXHIBITION...

MUNICH OPERA... NEW YORK EXHIBITION... PARIS DANCE... ZURICH OPERA...

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COMMENT & ANALYSIS

LETTERS TO THE EDITOR

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We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please put fax to 'fax'). e-mail: letters.editor@ft.com Translation may be available for letters written in the main international languages.



Michael Prowse • America

Jobless by decree

Contrary to the revisionist claims of economists, minimum wage legislation is a foolish way to help low-income workers

If the price of a commodity goes up, less of it will be demanded. The truth of this proposition perhaps the most fundamental in economics - is reaffirmed every day in countless transactions around the world. If it were not true, economic life would be unimaginably different. Companies would launch audacious strategies to boost market share by jacking up the prices of products.

youth employment by anything from 1.3 per cent. But the latest message from academia is that no such inconvenient trade-off exists. Professors David Card and Alan Krueger of Princeton University recently compared employment in fast-food restaurants in the neighbouring states of New Jersey and Pennsylvania. During the period analysed, the minimum wage rose in New Jersey but not in Pennsylvania. Yet Card and Krueger (who later became chief economist at the US Labour Department) found evidence of an increase rather than a decrease in employment in New Jersey.

jobs. They regard the traditional "competitive" model of labour markets as outdated, as empirically refuted. They accuse employers of wielding subtle monopoly powers and hence of imposing artificially low wages on the most vulnerable workers. And they presto, they justify an increase in the minimum wage on efficiency as well as fairness grounds. It would be wonderful if water did indeed run uphill. But I fear some economists are too emotionally committed to higher minimum wages to think clearly. In reality the service industries employing low-wage workers are highly competitive. A more plausible explanation of the (apparently) declining cost in terms of lost jobs is that the legal minimum has fallen steadily relative to average wages (see chart) and is near a 40-year low in real terms. Obviously if minimum wages are pitched low enough, they can do little harm.

minimum now without worrying too much about the impact on jobs only because governments had the sense not to listen to people who made the same fallacious arguments in the past. Politicians such as Mr Blair who want to introduce a national minimum should recognise that it will be a perpetual source of social conflict. Pressure groups will lobby endlessly for increases. The US - an individualistic society - has been fairly successful in resisting such pressure. But the UK is likely to suffer the same fate as European neighbours where minimum wage laws substantially increased unemployment.

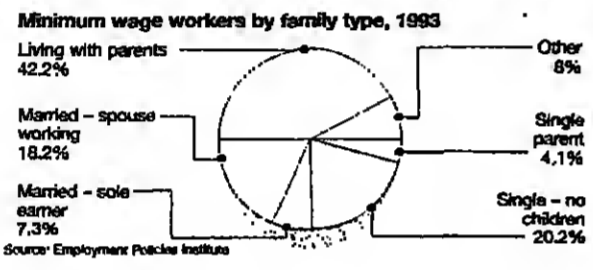
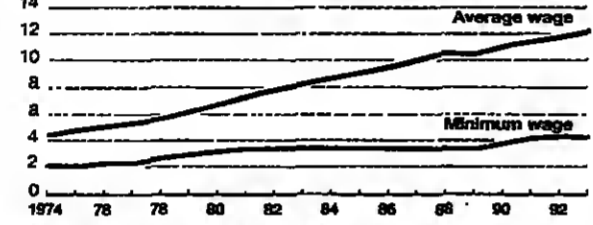
And for what? A minimum wage is the crudest of social policy instruments. Many people earning the minimum will not be members of poor households in the US more than 40 per cent (see chart) are youngsters living with parents; only 4 per cent are single parents. If the goal is to reduce poverty or flatten the income distribution, a more efficient policy is to target cash subsidies, via either the tax or benefit system, on genuinely poor families. College students working part-time at Burger King do not need special help.

Responsible step is to avoid crises. From Prof Roger Bootle. Sir, Your leader "Mr Clarke's credibility" (March 23/24) invoked the judgment of history in support of the idea that current rates of monetary growth preclude higher inflation. It is a pity that your reference to the historical record was so selective. You did not refer to the fact that during the 1980s as a whole, the average annual growth rate of broad money was some 8 per cent higher than the inflation rate that is to say, the growth in real terms was some 8 per cent. Nor did you make reference to the utterly hopeless performance of broad money during 1980. At that time, the economy was flat on its back and manufacturing was enduring the worst recession since the 1930s, thanks to a ludicrously over-valued exchange rate and 17 per cent interest rates - both the result of pursuing monetarist

policies. Yet money supply growth continued at very high levels. I vividly recall arguing the point with monetarist economists at the time, both in public and in private. They were calling for yet higher interest rates to head off the inflationary danger. If their advice had been heeded, we would surely have faced an economic disaster far greater than we suffered at the time, dwarfing the later episode of economic policy by autopolit - the ERM.

unustainable in 1987-88, and the broad money supply was a guide to this. But so were many other variables. What is so striking about the current situation (as you acknowledged) is the absence of clear inflationary signals from any other source than the money supply. If certain economists continue to stick to a mystical belief in "the money supply", come what may, they may eventually be proved right, just as the harbingers of doom in 1980 and after were eventually proved "right" by the inflation of the late 1980s. But if so, they will be right rather in the manner of the stopped clock. We should surely set our sights much higher.

Minimum wage: a declining barrier to employment



an even more fundamental objection is that minimum wages involve an element of coercion wholly out of place in mature democracies. Employers and employees ought to be able to agree any wage rate they choose. If a government rules that no employer may pay less than some arbitrary minimum, it is condemning to permanent unemployment anybody whose productivity is too low to justify such a wage. Even if a government has majority support it has no right to damage people's life chances in this way.

Convincing steps should have been taken to avert ban. From Mr G. de Vries, MEP. Sir, Now that Conservative "spin-doctors" are busy trying to blame Europe for the ban on British beef, could I point out that the failure by UK authorities to slaughter herds whenever BSE was diagnosed has played a significant part in the EU decision, as has the botched British effort to cover up the facts? The ban could have been avoided had London taken convincing steps early on and had it consulted Brussels, instead of showing

scant regard for the concerns of its European partners and of its own population. G. de Vries, European Parliament, 97-113, rue Belliard, Brussels, Belgium. From Toni Vernelli. Sir, It seems that the intellectuals of British society have known for centuries that eating meat was bad for one's brain. William Shakespeare wrote: "Methinks sometimes I

mention that Lijiang was badly affected by the severe earthquake which happened a few weeks ago. I understand that tourists have been excluded as a result. Certainly, any prospective visitor should check on the situation before they attempt to go there. The likelihood of people wanting to visit Lijiang may well have been enhanced by

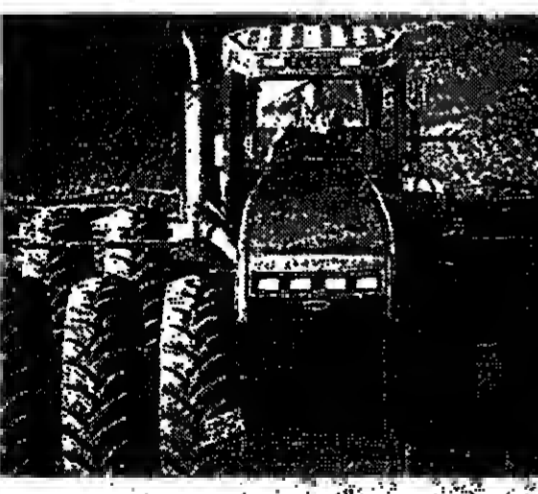
the fact that the Nazi musicians mentioned in the article completed a very successful tour of the UK only last October, giving concerts in London, Manchester, Hull, Birmingham and Oxford. F.T. Rees, 26, Baronsmede, Ealing, London W5 4LT, UK. James Charatan, 473 West End Ave, New York, NY 10024, US.

Pfizer forum Farming for the Environment. BY DENNIS AVERY

With the world's population not set to stabilise until it reaches 9 billion, we must triple farm outputs in the next forty-five years. A leading food issues specialist points to the success of high-yield farming in satisfying past increases in food demand without threatening important areas of wildlife habitat. He argues that such agricultural techniques must continue to be employed on the planet's high-quality land if we are to avert further areas of significant biodiversity from the plough.

eggs. For instance, if New York State produced milk as it did in 1960, an additional 1.9 million acres would need to be farmed to satisfy current demands - nine times the land area of New York City. The ancient enemy, soil erosion, still represents one of the most serious threats to farming sustainability. However, high-yield farming is the soil-safest agriculture mankind has ever developed. It prevents erosion and runoff, and improves soil quality.

High-yield farming means making the most of productive land, and conserving the poorest. After all, poor-quality land, such as rain forests and swamps, harbours the greatest variety of wildlife species. Tropical forests contain as much as 80 per cent of the world's species. However, countries like Indonesia are forced to plough down rain forests in order to grow low-yield soybeans for chicken-feed, thanks to the 'food self-sufficiency' ethic and farm trade barriers, which also discourage efficient use of the world's safest and most productive land.



This is the great challenge of the 21st century. High-yield farming is our only proven path to saving the natural environment in a world with more people and greater food demands. Dennis T. Avery is Director of Global Food Issues at the Hudson Institute, PO Box 26-919, Indianapolis, IN 46226, USA. He has recently published a book, Saving the Planet with Pesticides and Plastics: The Environmental Triumph of High-Yield Farming.

Higher crop yields and lower animal disease rates are letting us produce more food from existing cropland. Without high-yield farming, feeding the world's population would have required the ploughing down of 26 million square kilometres of additional wildlife habitat - the land area of Europe, the United States and Brazil combined. We are feeding twice as many people as in 1955, yet using no more cropland. This is possible because we have tripled the yields on our best land, and doubled feed conversion efficiency in meat production. In a world where the greatest environmental threat is a plough-down of the world's remaining wildlands to make way for food production, this is mankind's greatest conservation triumph.

The key to this success? We are controlling weeds with herbicides, which also deliver more tillable soil, more earthworms, and more soil bacteria. The positive impact of pesticides on human health is huge and the risks comparatively tiny. Natural chemicals, such as limonene from orange juice or caffeine acid in green vegetables, are 10,000 times more likely to cause cancer than pesticide residues. Yet five fruits or vegetables a day

Technology • Clive Cookson

A battle with deadly agents

Research is being stepped up in the UK into prions, thought to cause mad cow disease

Prions, the infectious agents believed to cause bovine spongiform encephalopathy (BSE) in cattle and a handful of extremely rare brain diseases in people, were a fascinating scientific curiosity until recently. But the discovery of a possible link between eating beef and a dozen cases of Creutzfeldt-Jakob disease among young people in the UK has suddenly transformed the prion into a media celebrity - and the centrepiece of an expanded research programme. John Swales, R&D director for the UK National Health Service, is preparing urgently a "directed programme" involving two research councils and the health and agriculture departments. Total public spending on research into spongiform diseases has been about £9m (£14m) a year, although the government has not decided how much more to allocate to the new programme, there will be a substantial increase. The UK pharmaceutical industry, which has a large research effort in other degenerative brain diseases such as Alzheimer's, is also preparing to join in if necessary. "This is a complex area of science and we are studying the published data on prion disease to enable us to decide whether there is a basis for launching a specific research programme aimed at CJD," says Allan Baxter, group research director of Glaxo Wellcome.



believe there will be an epidemic of CJD on the scale of AIDS or bigger, even if the suspected link between BSE and human disease is confirmed. Although no one knows enough about prions to rule out the most alarming predictions, most experts say the "species barrier" between cattle and people is high enough to limit any outbreak of CJD to a few tens or hundreds of cases. John Hardy, a specialist in degenerative brain disease formerly at St Mary's Hospital, London, and now at the University of South Florida, has been predicting such an outbreak ever since there was a small epidemic of spongiform encephalopathy among domestic cats at the beginning of the 1980s, presumably infected by BSE via pet food. "Once it had crossed to cats, it was obvious that it would cross to humans in the same way," says Hardy, "and it is likely to be an equally small epidemic in people." Garth Roberts, his former colleague who is now running molecular neuropathology research at SmithKline Beecham, the UK drug company, says the latest evidence does not convince him that his resources should be diverted

encephalopathies, of which scrapie in sheep was the most common example before BSE appeared. Instead he proposed that the agents were simply protein molecules that convert a normal brain protein into a lethal form, just by changing shape. The process is like a slow biochemical chain reaction. The scientific resistance to Prusiner - based on the dogma that transmissible diseases must be spread by agents with genes, such as viruses - has gradually melted away over the past 15 years, in the face of overwhelming experimental evidence. The prion hypothesis is generally accepted today. A powerful piece of evidence is the "knock-out mouse", genetically engineered so that its brain does not make normal prion protein. Unlike ordinary mice, it cannot be infected with any of the prion diseases. Surprisingly, the knock-out mice's behaviour does not seem to suffer from the absence of the normal protein - leaving unanswered the question: what, if anything, is its proper function in the brain? Transgenic mice are particularly useful for prion research. One of the most important experiments now in progress is at St Mary's, where John Collinge's prion research group is trying to pass BSE on to mice whose brains make human prion protein. The results will provide much more precise information about the man/bov species barrier. But unfortunately the St Mary's experiment, like most work with prions, will take a year or two to complete. Of all the long list of research priorities in this field, perhaps the most urgent is the need for faster techniques - not involving incubation in mice - to characterise different strains of prion and investigate their transmission between species. On the practical level, a quick and sensitive test for prions in live people and animals would help enormously in the diagnosis and control of BSE/CJD. With present techniques, the diseases cannot be confirmed reliably until there has been a post-mortem examination. Scientists at the US National Institutes of Health are developing such a test, based on samples of spinal fluid.

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**FINANCIAL TIMES**  
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 Monday April 1 1996

## Jobs for the G7 conference

Finance and employment ministers from the Group of Seven leading industrial countries assemble in Lille today to spend two days talking about growth and jobs - and how to get more of them. Like its predecessor, in Detroit, two years ago, the conference is meant to signal that improving the job market is a high priority for G7 governments. But it is more likely to serve as a reminder that, judging them by their words rather than their words, precisely the reverse is true.

The labour market problems which the participants are pledged to address are hardly less urgent today than they were two years ago. Since then the combined GDP of the Group of Seven countries has risen slightly 4 per cent, but the jobs have not shared in this growth.

Total unemployment, at nearly 23m, is not much lower than in early 1994, and, excluding the US, it has actually risen somewhat. Excessive wage growth does not seem to be the blame. On average, pay packets have risen a modest 2 per cent in real terms since the start of 1994.

In response to such grim data, the G7 ministers have set themselves three questions. How can high growth and jobs be ensured for all? How can the emergence of jobs of the future be encouraged? How can the situation of the most disadvantaged workers be improved? Of these, the last is the most pressing - and least likely to get an honest answer.

Waxing lyrical  
 As likely as not, the summiteers will wax lyrical about the need to foster high-technology jobs - in the industries of the future, while carefully sidestepping the question of how today's more humdrum labour and product markets might be improved.

The quality of jobs created, particularly in the US, is important. But governments do not know how to pick "winning jobs", any more than they know how to pick "winning industries".

the solutions require not merely economic growth but time and money. These days politicians live in dread of asking the voters for either.

The continental Europeans, have the worst of all worlds, with the highest rate of unemployment of all participants and, thanks to their efforts to meet the Maastricht criteria, probably the smallest chance of significant job-producing growth over the next couple of years.

Continued high unemployment is undermining the credibility of the French and German governments' efforts to qualify for Euro. Lille would be a good place for both to declare that they regard a reduction in joblessness to be just as important a pre-condition for closer European integration as reducing public borrowing and debt.

Sacred cows  
 In many ways, the two challenges have much in common. With European Union governments currently spending more than 2 per cent of GDP supporting the unemployed, reducing joblessness could have a direct impact on European macroeconomic stability.

But achieving permanent falls in unemployment - like lasting cuts in budget deficits - will involve governments taking on some highly popular sacred cows.

Reducing the level of non-wage labour costs on unskilled labour ought to boost job prospects at the lower end of the wage scale significantly. But that will necessarily involve one of two things: shifting more of the present payroll tax burden to other workers or, just as tricky, more unpopular cuts in public spending.



FT Interview · Rem Vyakhirev

## A lubricator of exchange

The chairman of Gazprom explains the gas giant's special role in Russia to Robert Corzine and Chrystia Freeland

Employees of Gazprom, Russia's richest company and the world's largest natural gas producer, say all of Russia can be seen from the top floor of the company's glitzy new \$150m (\$98m) skyscraper on the edge of Moscow.

That proved impossible, even on a crisp, clear March day. But the statement is not mere bravado. Gazprom, and Mr Rem Vyakhirev, its chairman, are at the pinnacle of the peculiar breed of Russian capitalism - former Communist party apparatchiks who have used their political connections to take control of the country's vast natural resources and become Russia's new capitalist barons.

"Some people say we have too much," says Mr Vyakhirev, a diminutive figure whose infectious chuckle and grandfatherly manner belie a formidable reputation for navigating the treacherous political and economic waters of post-communist Russia. "But that is not the case. They do not understand what Gazprom gives to Russia. A whole bunch of gas costs less than a loaf of bread."

That may be so. But corporate, rather than social, largesse is on conspicuous display at Gazprom's headquarters. Sitting at a massive rosewood table in a lavish office and extinguishing a cigarette in a gold-plated ash-tray, chain-smoker Mr Vyakhirev quickly warns to his theme that Gazprom is misunderstood by critics at home and abroad.

Industry. Instead, the entire Russian natural gas industry was granted unique legal status and turned into a single joint stock company in which the state retained a 40 per cent stake.

Fifteen per cent was sold to Gazprom employees, 10 per cent was retained by the company and the rest went to private domestic investors.

Gazprom management has power of veto over all purchases of the company's shares. The company also benefits from special tax breaks not available to other Russian companies.

By most measures, Gazprom dwarfs its counterparts in the west. It employs 300,000 people directly but supports but controls a fifth of the world's natural gas reserves; is the largest gas exporter to Europe; accounts for an estimated 8 per cent of Russia's gross domestic product; and is the country's single largest hard currency earner.

Its special status has enabled it to expand quickly beyond the energy sector. The far-flung empire now includes 200 farms, 67 meat-packing plants, 31 dairies, an airline, a shipping company and a bank. Subsidies bottle mineral water and run luxury hotels. Next year, it will launch its first telecommunications satellite.

But the company is also still firmly rooted in the paternalistic communist past. Its Moscow headquarters has a hospital to treat the "special medical conditions" of workers who spend long periods in the Arctic's gas fields.

Walk through the Gazprom offices and you find numerous sets of the complete works of Pushkin, the Russian poet, published in a special edition sponsored by Gazprom. "Doesn't British Gas sponsor the complete works of Shakespeare?" asks one executive.

But Gazprom is known more for its political connections than its good deeds. Its warm relationship with the government has made it a prime target for critics, who see it as an embodiment of everything that is wrong with Russia's new political and economic order.

For example, he argues that only an organisation such as Gazprom could manage successfully the barter system which has evolved between former Soviet republics. For example, Ukraine is one of Gazprom's biggest customers but cannot pay cash for the gas it uses. Instead the company takes flour, sugar, butter and meat, which it then supplies to Russian regional governments in Siberia, in lieu of local taxes.

It is an arrangement which, in Mr Vyakhirev's opinion, benefits everyone. On the one hand, he says, the Ukrainian consumers cannot afford to pay in cash. On the other, regional Russian authorities lack the financial skills necessary to buy their own supplies.

"They [the regional governments] simply do not know how to work on the market," he says. "They would go to Kiev and be deceived at once. They would be left with neither money nor sausages."

Mr Vyakhirev is equally disparaging of some of his western counterparts. British Gas, he says, "made certain mistakes in the past that they must pay for. After privatisation, they thought they would continue to live very comfortably, but competition does not permit this."

He appears equally unruffled by the failure of Gazprom and its advisers to sell 9 per cent of the company's shares, either through a convertible bond to a foreign strategic partner, or directly to western institutional investors.

The deal, which was expected for 18 months, is meant to raise funds to expand export capacity to western Europe. "But we're not rushing to sell the shares," he says, because the prices being offered are too low. "We can wait patiently until people get to know us - the shares won't go anywhere."

But, before the company has a chance to fully flex its muscles in the international arena, Gazprom could find itself hobbled by political changes at home. Last year, reformers in the government threatened to break up the company. That threat receded with the sacking earlier this year of Mr Anatoly Chubais, the deputy prime minister and architect of Russia's market reforms.

Not all the remaining members of the government are comfortable with Gazprom in its present form. Mr Evgeny Yasin, the economy minister, accuses the company of having insufficient financial controls. But he draws back from proposals for taking it apart. "Should you slaughter the milk cow while it is still giving milk?" he asks.

## Drawing the dividing lines

The most frequent charge laid against Mr John Major's administration is that it lacks purpose. Too often the government seems to drift with the tide of expediency, only to find itself driven this way and that by the unexpected.

His uncertain handling of the present crisis in the beef industry is widely viewed as only the latest example of an approach which leaves it at the mercy of events.

As the general election approaches, ministers are acutely aware that this accusation is the most dangerous in the armoury of Mr Tony Blair's Labour party. The Conservatives' own research suggests that many of its erstwhile supporters consider that the government's vision goes little beyond sustaining itself in office.

savings if they take out insurance policies against the cost of long-term care. And later today, Mr John Gummer, the environment secretary, will respond to popular discontent with the privatised water companies by unveiling plans to inject greater competition into the industry.

The main battleground remains the economy. Both parties agree they must respond to the acute anxiety bred by ever more competitive international markets, by technological advance and by changing employment patterns.

Few voters will be convinced by the government's record over the past few years in responding to those fears. The failure of Black Wednesday, when sterling was driven from the European exchange rate mechanism, and the subsequent tax increases are not easily forgotten.

## OBSERVER

### Synchronising the swimming

Olaf Stenhammar, founder of the OM derivatives exchanges in Stockholm and London, was contemplating semi-retirement rearing cattle on a sleepy island outside the Swedish capital when his head was turned by an unexpected offer.

Stenhammar is staying cool. "It is a matter of educating people about the facts. The games would be a tremendous kick for this country - it just needs some self-confidence and belief in ourselves."

### Gulp

Robert Parker, the opinionated American wine critic, kept his £130-a-plate City audience on tenterhooks at the end of last week during his lecture on the merits of old versus new Bordeaux wines.

Meanwhile, lest his nose for a good deal (sorry, wine) should go off, Parker, whose points system more or less drives the American market, has reportedly insured his palate for £1m. By contrast, John Armit, of fine wine shipper John

### Yours or mine?

Is there any corner of the globe in which Britain's mad cows are not providing media fodder? Cambodia is certainly not the case, for its backs have stumbled upon a solution to local difficulties with unexploded land-mines.

The plan is simple, practical and will make mince meat of the problem overnight.

### Stamp it out

French consumers will have noticed a rash of labels bearing the initials VF on their meat in recent days. Most will have been suitably reassured that the beef they are buying is therefore *Viande Française* - except those to whom it occurs that the same two letters also denote *Vache Folle*. (That's mad cow to you and me).

### Capital show

In an Olympic year, the world's sports authorities can be expected to blast off particularly fiercely about drug-taking. But it sounds as if Chinese athletes have more to

## Financial Times

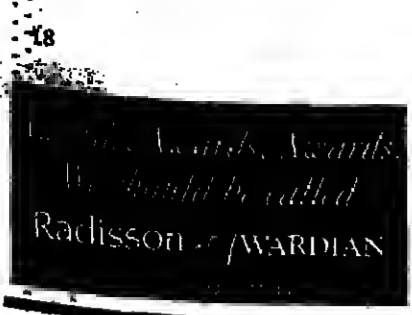
### 100 years ago

The Indian wheat crop The Statistical Bureau of India has issued its second general estimate of the wheat crop. The estimate first sent out gave the prospects as generally unsatisfactory, owing to the early cessation of the autumn rains, and the failure of the winter rains.

### 50 years ago

German industry control plan To make sure that German will not make war again, the production of arms, ammunition and implements of war, as well as all types of aircraft and seagoing vessels, is prohibited under the Allied Control Council plan for the control of German industry. Steel, non-ferrous metals, chemical industries and machine manufacturing are restricted industries.

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UK dealers urge industry to copy US methods Europe car prices 'need 20% cut' to avert revolt

By John Griffiths in London European car prices need to be cut by 20 per cent or more if Europe's carmakers are to avert a consumer rebellion, according to a team of franchised UK dealers which recently visited the US...

clear that private buyers are not suffering from lack of consumer confidence - as carmakers claim - but have decided that Europe's new cars are too expensive, are poor value, and are buying used cars instead, said Mr Marshall. The inquiry findings, yet to be published in detail, conclude that European carmakers could cut prices by about 25 per cent. Savings could be made by: Reducing excessive stocks in a highly inefficient distribution pipeline compared with North America. It estimates Europe...

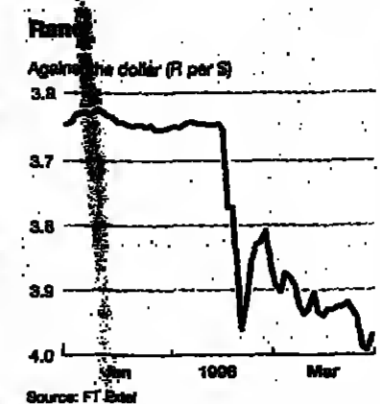
can be thousands of permutations of specification for just one model range," said Mr Marshall. Cutting the number of models and brands sold, and spreading basic components such as engines over a much broader range of vehicles in order to match US production economies of scale. Mr Alex Trotman, chairman of Ford worldwide, acknowledges that Europe's 50 car brands and 300 mainstream models cannot survive. "Some of the names are going to disappear in the next 10 years," he says. CAP Motor Research, the motor trade price guide publisher, warned at the weekend that oversupply and high new car pricing meant "the bubble could be about to burst on the glitzy new cars that have been stealing the motor show limelight from London to Geneva". Mr Andrew Wilkinson, editorial director of CAP's Black Book, said: "Fear is growing in the motor trade that used prices for recently launched cars like the Vauxhall Vectra and new Ford Fiesta, now reaching the second-hand market for the first time, could collapse", adding to downward pressure on new car prices.

China cuts tariffs by a third to aid WTO ambitions

By Tony Walker in Beijing China is introducing sweeping tariff cuts on about 5,000 items today amid confusion over continuing quota restrictions on some agricultural imports. Beijing is cutting average tariffs by more than a third, from 35.9 per cent to 23 per cent. The cuts are part of an effort to bolster China's application to join the World Trade Organisation, successor to the General Agreement on Tariffs and Trade. Lingered differences within the Chinese bureaucracy over quotas on politically sensitive agricultural items such as grain and vegetable oils appear to have delayed publication of the detailed changes. The Chinese press last week listed 84 items on which there would be quotas. About 380 agricultural products would have their import tariffs reduced, but no mention was made of wool. Western officials believe this was an oversight as China has already announced it will reduce tariffs on various categories of wool. Large agricultural exporters including the US, Canada and Australia have pressed China to open its markets further for farm products. But Beijing is proceeding cautiously because it does not wish to harm the interests of its own farmers. The Shanghai Securities News said yesterday in a front-page commentary that Chinese companies should not fear sweeping tariff cuts because the biggest effect of the change would be to reduce costs of imported raw materials. "Generally speaking, the effect of the cuts will not be as great as people imagine," the newspaper said. It noted that the largest cuts were in raw materials which are in short supply. China is also removing the tax exemption on capital equipment imports for foreign-funded joint ventures from today. Foreign business has complained the measure will add substantially to start-up costs, and in some cases jeopardise new projects. The US-China Business Council, which represents some of the biggest corporations in the US, estimates that the cost of a typical investment may increase by as much as 25 per cent. Ms Anne Stevenson-Yang, the council's chief representative in Beijing, said the new tariff cuts would not come near to compensating investors for the removal of the tax exemption. Businessmen appeared more sanguine. The representative in Beijing of an American technology company said the tax changes had stimulated investors to complete registration of new projects before the April 1 deadline.

Mercurial marriage

At first, Deutsche Telekom looks an odd choice as British Telecommunications' preferred buyer of Mercury. Why hand such a jewel - the biggest threat in BT's home market - to one of its main competitors in the race to create global telecoms alliances? In fact there are compelling reasons. For a start, selling to Deutsche Telekom would at least mean leaving AT&T out in the cold: as a threat, the nationalised German operator looks the lesser of the two evils. But why not float the company, or find a consortium of independent investors instead? Part of the answer is that price matters too. Mercury is almost certainly worth more to a competitor which can make the most of its potential. And selling it cheap to someone else risks keeping it out of the hands of BT's competitors only very briefly. Deutsche Telekom or AT&T could simply buy it from the buyer, depriving BT of the benefit. Also, Deutsche Telekom may be able to offset BT something no other buyer could: concessions such as accelerated or easier full entry for BT to the German telecoms market. Given the parlous state of Deutsche Telekom's finances, including such an agreement in a deal could suit both parties.



ise to privatisation by the end of 1997 looks as unconvincing as its latest rescue proposals. Last week's plans, littered with conditions, looked more like a gesture to southern Italian voters than a genuine solution. The 84 per cent drop in BT's share price since its late 1991 listing is unlikely to entice new shareholders until the government thinks it is something better. There are two obvious role models the treasury could look at: Credit Lyonnais and Banco Ambrosiano. With Banco Ambrosiano a group of leading Italian banks took on the assets and liabilities of the Italian operation, injected capital and created Nuovo Ambrosiano, which has proved astoundingly successful. By contrast, the Credit Lyonnais rescue, which involved having off problem assets, has stumbled against European Commission concerns and falling interest rates, and it may now require a further refinancing. It is unclear what guarantees Italy's government will need to make to get support for an Anglo-Saxon-style private sector buy-out. More certain, however, is that BT's near collapse provides another compelling reason why Italy should speed up the process of privatising its banking system.

German pay-TV

The battle to dominate German pay-television is fast developing into a game of chicken. Plans by the Kirch Group to launch no fewer than nine movie channels - as part of a total package of about 30 channels - raise the stakes. Of course, the quality of the channels, which cannot yet be judged, will matter more than sheer volume. But it looks as though Kirch has an early lead in programming over the rival pay-TV consortium comprising Bertelsmann, Mr Rupert Murdoch's BSkyB, Canal Plus and Havas. And if Kirch can establish its programming with German viewers first, it will have a big advantage. But the Bertelsmann consortium shows no signs of chickening out. The involvement of Mr Murdoch may help close the programming gap, although BSkyB's TV expertise barely extends to German-language channels. The Bertelsmann venture also probably has deeper pockets than Kirch. That may be important as bidding wars could push up the price of programming, while consumers may be reluctant to invest in decoders until it is clear which of the competing technologies will succeed. Such competition could derail Kirch's business plan, based on 2m subscribers and break-even in 2000. A truce between the rivals would clearly be better for profitability all round but one is unlikely to materialise quickly. Banco di Napoli Banco di Napoli's £3,155bn (\$2bn) losses last year do not make it the most attractive privatisation candidate. But then the government's prom-

South Africa

Last week's jitters in South African markets were inevitable. The appointment of a former political activist as finance minister, in place of a conservative banker, was bound to be unsettling. And it would doubtless take time for Mr Trevor Manuel to win the markets' confidence. But the chances are that he will. The markets' biggest worry is that Mr Manuel, unlike his predecessor, is an elected politician investors understandably fear he may be less tough on inflation and South Africa's fat budget deficit. On the other hand, monetary policy remains in the hands of the Reserve Bank and its highly respected governor, Dr Chris Stals. And arguably, the controversial decisions needed to bring the deficit down actually require an elected politician in charge. Certainly Mr Manuel showed no reluctance to grasp nettle in his previous job on the contrary, he brought down tariffs and trade barriers with dramatic speed. This is, though, one reason why the markets are right to be nervous. If Mr Manuel's record and his desire to see some unravelling of South Africa's conglomerates are anything to go by, he is likely to be keen to press ahead with the lifting of exchange controls.

Microsoft plans to make PCs centre of home entertainment

By Louise Kehoe in San Francisco Mr Bill Gates, Microsoft chairman, is today expected to unveil an initiative to transform the personal computer into the central element of future home entertainment systems. Microsoft is drawing up specifications for what it calls a "simple interactive personal computer" (SIPC) which it hopes will help breathe new life into the home PC market. The device, designed to plug into a television, will control stereo systems and video disc players and give access to the Internet. Although Microsoft is heading big effort, several other companies are thought to be involved, including Intel, the world's largest semiconductor producer; Compaq Computer, the largest PC company; and Toshiba and Sony, two of Japan's biggest consumer electronics manufacturers.

Details of the plan are expected to be announced by Mr Gates at a Microsoft conference for PC manufacturers in San Jose, California. It may be two years, however, before SIPC products emerge, industry analysts said. The Microsoft initiative comes at a critical time for the PC industry as growth in the consumer segment of the market is slowing. According to Dataquest, the market research group, the US market is nearing saturation - with 65 per cent of households earning more than \$100,000 a year already equipped with at least one PC. In Europe, market penetration is lower but economic uncertainty, particularly in France and Germany, has slowed PC purchases. However, Microsoft and Intel - long-time leaders in software and chips for PCs - believe they can increase home computer sales by finding a new role for the PC in

the living room. They believe it could become as common as the stereo system or television set. Earlier this month Gateway 2000, the leading direct marketer of consumer PCs, launched a range of products that signalled a shift in the direction of the Microsoft SIPC initiative. Gateway's living-room PCs plug into a large-screen TV. The keyboard and mouse are linked to the computer via infra-red signals much like a TV remote control device. The SIPC is expected to incorporate features such as "instant on", eliminating the delay when a PC is first turned on, and compatibility with digital video discs which can store feature-length films and multimedia CD programs. Some US industry executives believe lower PC prices will be sufficient to create a new mass market among consumers who are unwilling or unable to pay \$2,000-\$3,000 for a home PC.

Yeltsin calls off Chechnya offensive

Continued from Page 1 thinks that March 31 will be a borderline when everything will stop and peace and accord will come," he told NTV television. "I hope you understand it is impossible..." Mr Yeltsin said Russian troops

would react to any Chechen provocations" and be refused to countenance Chechnya leaving the federation. Up to 30,000 people have died in the conflict which began in December 1994 when Russian troops tried unsuccessfully to bring the breakaway republic

back under Moscow's control. In a speech on Saturday, Mr Gennady Zyuganov, the Communist party leader who is topping the opinion polls in the run-up to June's presidential elections, condemned Mr Yeltsin's record on Chechnya but offered few ideas of his own.

Fresh trade round, Page 4 Threat in China-US links, Page 5

FT WEATHER GUIDE Europe today... Five-day forecast... TODAY'S TEMPERATURES... Lufthansa logo and slogan 'We wish you a pleasant flight.'

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The greatest asset in any fund is knowledge. To help develop this asset, LIFFE, CBOT and CBOE invite you to attend The Second Annual Risk Management Event at Le Meridien Hotel, Piccadilly on 16 May 1996. This powerful programme of presentations and panel discussions will focus on the key risk management issues facing you today. Speakers include: Professor Roger Bootle, Group Chief Economist, HSBC; William P. Miller II, Director, Asset Mix Management, General Motors Investment Management Corp. Conference Sponsors: BZW Futures, a division of Barclays Bank PLC; CAGF London Limited; Cargill Investor Services Ltd; Confurans Ltd; Deas Water International Ltd; Indosuez Carr Futures, Inc.; ING Derivatives (London) Limited; James Capel & Co Ltd; Kleinwort Benson Ltd; MeesPerron ICS Limited; Mountbatten Derivatives Ltd; SBC Warburg, a division of Swiss Bank Corporation; Stanslavskis Easidale Banker AB. Risk Management. May 16 1996 at the Le Meridien, Piccadilly, London. CBOT CBOE LIFFE

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Monday April 1 1996

Total seeks joint attack on refining capacity

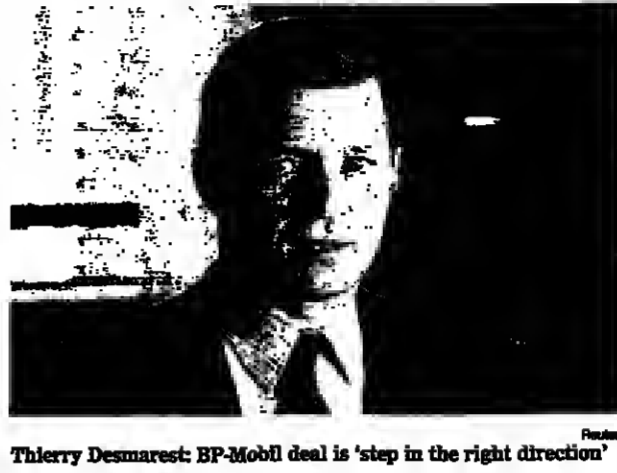
By Robert Corzine in London Total, the French oil company, says it wants to reduce its refining capacity...

Total's refineries were competitive, but "we have a little too much capacity". In an interview, he said Total wanted to close half a refinery...

Total "has not been pleased" about the retail petrol price war which has broken out in the UK, but it intended to remain a long-term participant...

planned \$600m investment in the offshore Sirri fields in the Iranian sector of the Gulf would be financed through cash reserves...

US action against European companies active in Iran could lead to a clash between the European Union and Washington...



Thierry Desmarest: BP-Mobil deal is 'step in the right direction'

Germany sees end to Postbank dispute

By Michael Lindeman in Bonn The German government is confident it can persuade Postbank, the postal savings bank...

Richard Waters meets the architect of the merger of Chemical Banking and Chase Manhattan

In a small room on the eighth floor of 270 Park Avenue, the anatomy of the US's biggest bank merger is laid out in detail.

Masterplans and minutiae



Edward Miller, Chemical Banking, New York

Three ways for Chase to save \$1.7bn

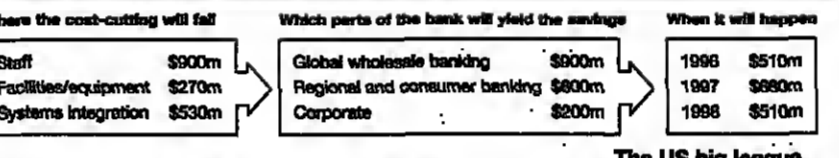


Table with columns: Dec 1995, Assets (\$bn), Net Income (\$m), Market cap (\$bn). Lists various banks like Chase Manhattan, Citicorp, etc.

But with Wall Street firmly behind him, Mr Miller says he is not about to let up. The merger of Chemical Banking and Chase Manhattan...

The long-promised wave of cost-cutting is about to break

new bank hopes to generate. "I don't think [growth] is the first thing he thinks about when he gets up in the morning..."

Italian bank incurs \$2bn loss

By Andrew Hill in Milan Banco di Napoli has realised analysts' worst fears by reporting a net parent company loss of \$1.15bn...

on a heavy restructuring. Last week, the Italian government agreed a decree which will allow it to extend an initial \$1,000bn emergency treasury loan...

erment of taking a political decision in the hope of courting voters in the poor southern half of Italy.

cue plan, which envisages a \$1,000bn to \$1,500bn total contribution from banks, followed by privatisation beginning by the end of 1997.



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COMPANIES IN THIS ISSUE Table listing various companies and their share prices, including ABN Amro, Aegon, Atlas Copco, etc.

BET offers 20% rise in payout

By Peggy Hollinger in London BET, the UK business services group facing a hostile £1.8bn (\$2.7bn) bid from Rentokil...

chance to reflect the returns coming through" in the current year, he said. He denied the share price was inflated by the bid and said it could be justified on fundamentals.

He dismissed as misleading suggestions that the market valued Rentokil's 20% offer, as BET's shares on Friday had closed on a par with the bid.

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COMPANIES AND FINANCE: UK/INTERNATIONAL

Cunard plans £15m refit for the QE2

By Tim Burt
Cunard, the loss-making cruise line, is planning to spend up to £15m refitting the QE2 less than two years after a botched overhaul forced the company to pay £7.5m in compensation to passengers.



Cunard claims the refit is vital to maintain the QE2 as one of the world's premier cruise ships

he can turn round the cruise line. The former chief executive of Rolls-Royce Motor Cars is overseeing a £23m restructuring at Cunard, of which about £8m has been spent since he took over last autumn.

MSB likely to get up to £40m tag from flotation

By David Blackwell
MSB International, the information technology contractor, will this week publish its pathfinder prospectus.

Lloyds of London, but the biggest single client - Citibank - accounted for just 3.5 per cent of turnover.

Mr Goldberg, 32, originally went into business in 1984 with permanent recruitment. He switched to contract recruitment in 1988 and turnover shot from £450,000 to £4.2m in 18 months.

Canary Wharf owners set up tax saving deals

By Simon London, Property Correspondent
The owners of Canary Wharf, the large office development in London's docklands, have started a series of sale and lease-back transactions which could unlock up to £400m of tax allowances.

Scotland, has been signed since Canary Wharf was acquired in December by a consortium led by Mr Paul Reichmann, the Canadian who masterminded its development in the 1980s.

consortium on a shorter lease and, in turn, let to the tenant which occupies the site. Although the consortium retains the freehold, Royal Bank is regarded as the owner for tax purposes and can use the allowances to shelter its UK profits.

cheap financing costs. The consortium cannot use the allowances directly because Canary Wharf has no taxable profits. Mr Bob Spiers, Royal Bank's finance director, is a former director of Olympia & York, the Reichmann family's development company which went into administration in 1992.

arrange a second, larger deal in the next few weeks. It has approached other banks and utilities, the main participants in the so-called 'big ticket' leasing market.

UAP consider expansion of phone-based insurance

By Ralph Atkins, Insurance Correspondent
UAP, the large French insurance group, is considering a significant expansion of telephone-based insurance in Europe, studying possible ventures in Spain and Austria.

focus on motor and household insurance. Mr Jacques Friedmann, president, said: "Our strategy is to be ready to enter markets where we think there are good opportunities for UAP."

ket. The French insurer will be drawing on its experience in the UK running Prospero, the Lancaster-based telephone insurer which is part of the Provincial insurance group acquired by UAP in 1994.

loss, reporting a deficit of FF2.05bn (\$409m) due to heavy provisions for property holdings and loans, and to lower capital gains to offset them.

have swept away many restrictions on insurance rates and conditions. Germany, in particular, has seen a number of foreigners setting up Direct Line-type companies, including UAP and its French rival, Axa.

Standard Life to expand range

By Alison Smith, Investment Correspondent
Standard Life, the UK's largest mutual life insurer, is planning to expand the range of services it provides by offering deposit accounts in the autumn.

while selling its own brand of liquid savings accounts. The shortlist includes Bank of Scotland, of which Standard Life owns about one-third.

bank last spring. It is partly a response to increasing aggression on the part of banks and building societies which also sell financial services. Several of them now see the arrival of any large lump sum in a customer's account as a cue to offer investment advice.

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COMPANIES AND FINANCE: INTERNATIONAL

Kirch plans programming blitz

By Hugo Dixon, recently in Munich

Kirch, the German media group, plans to launch nine film channels in the summer as part of its bid to establish leadership in German pay-TV over a rival group consisting of Bertelsmann, Mr Rupert Murdoch's BSkyB, Canal Plus and France's Havas.



Mr Gottfried Zmcek to launch nine thematic movie channels

The Kirch Group hopes that its programming blitz will establish its package with German viewers before the Bertelsmann consortium is ready with its rival service.

which was only formed last month, is less advanced with its plans. It is looking to launch 10 to 15 channels in September or October, but has yet to finalise its line-up or choose a chief executive.

DF-1 is forecasting 2m subscribers by 2000, rising to up to 7m in 10 years' time. It expects to invest DM500m-DM1bn (\$339m-\$667m) before the service breaks even in 2000 and all the investment to be paid back by 2003.

Mr Zmcek said customers would pay between DM25 and DM50 a month, depending on whether they took a basic line-up of channels or the whole package.

They would also have to pay for a decoder box, which is being supplied by a joint venture between the Metro retailing group and Videocom, part of the Vebea conglomerate.

Japanese paper groups to reunite

By Emiko Terazono in Tokyo

New Oji Paper and Honshu Paper, two leading Japanese paper companies, announced they are to merge later this year to create the world's second-largest paper and pulp company after International Paper of the US.

The new company, to be named Oji, will have consolidated sales of ¥1,249bn (\$11.7bn), and 19.2 per cent of the overall Japanese paper market.

Mr Masahiko Okuni, who will become president of the new company, said there was a possibility that Oji would consider acquiring European or US paper groups in the future.

In terms of products, the two companies complement each other: New Oji's main products include newsprint, printing paper and wrapping paper, while Honshu is a leading paperboard maker.

New Oji, capitalised at ¥4.5bn, posted consolidated sales of ¥773.7bn for 1995-96 and current profits of ¥18.2bn. Honshu, capitalised at ¥39bn, made consolidated recurring profits of ¥2.7bn on ¥470.2bn of sales.

Under the terms of the merger, five New Oji shares will be swapped for six Honshu shares. The deal is due to be completed in October. The two companies were part of a large paper group disbanded in 1949 by US occupation forces. Officials said it was natural for the two to reunite.

The merger is part of a trend towards larger, more efficient companies in the industry. Saury-Kokusaku Pulp and Jugo Paper merged in 1993 to become Nippon Paper Industries, while New Oji Paper was itself created by a merger between Oji Paper and Kanaki Paper in the same year.

Officials said a larger company would benefit from cheaper procurement costs of raw materials, and a bigger distribution system would also reduce costs.

ABN Amro, BZW buy into Mediaset ahead of flotation

By Andrew Hill in Milan

ABN Amro, the Dutch banking group, and BZW, the investment banking division of Barclays Bank of the UK, have bought stakes in Mediaset, the Italian media group controlled by Mr Silvio Berlusconi, ahead of its flotation.

ABN Amro has invested £70m (\$44.6m), which will give it a stake of about 1 per cent in Mediaset - valuing the whole company at some £7,000m - and BZW has invested £15bn for an unspecified stake. Both banks are jockeying for a role as lead managers in the company's flotation.

Mr Berlusconi, who is hiding to recover the Italian premiership at the country's April 21 election, is trying to defuse the conflict of interest between his political and business activities.

Fininvest is in talks with British Telecommunications with a view to setting up a joint telecoms venture between Mediaset and Albacom, BT's

Italian alliance with Banca Nazionale del Lavoro. Under such a deal, it is believed BT would also take a small stake in Mediaset and might appoint a director to its board.

Fininvest declined to comment on the talks yesterday, but Italian newspapers reported that Albacom was planning to raise its capital from £9.9bn to £50bn at a shareholder meeting today.

The decisions by ABN Amro and BZW to take stakes in Mediaset are the latest example of a corporate finance trend in which potential advisers and lead managers demonstrate their confidence in the company by investing.

Mr Bernardo Attolico, of BZW's corporate finance department, said: "We made an investment on its own merits and we wanted to do it. At the same time, we want to participate in the offering, because we think it's a good transaction."

Mediaset has already appointed Morgan Stanley of

the US and Imi, the Italian banking group, as joint global coordinators of the offer. Imi bought 1,100bn of shares in Mediaset at the end of last year, at the head of a consortium of six banks which took a 5.5 per cent stake.

Morgan Stanley is also believed to be considering an investment, while other investment banks are thought to have expressed interest in handling part of the flotation.

The sale of Mediaset began last year with a capital increase which left 18 per cent of the company in the hands of Kirch, the German media group, Richemont, the Swiss-based company controlled by the Rupert family of South Africa, and Prince al-Waleed bin Talal bin Abdul of Saudi Arabia.

Apart from the banks, two mutual funds managed by Capital Research and Management of the US have also taken a 2.3 per cent stake through the capital increase, which formally closed yesterday.

Peter Wallenberg steps back

By Hugh Carnegie in Stockholm

Mr Peter Wallenberg, one of Europe's most powerful industrialists, is set to drop his direct involvement in his family empire's many leading international companies following his 70th birthday next month. This would reduce his commitments to the chairmanship of investor, the main Wallenberg investment vehicle, it emerged at the weekend.

In the latest move, Mr Wallenberg is to leave the post of chairman of Atlas Copco, the world-ranking maker of compressors and mining tools where he spent much of his early career before succeeding his father Marcus as the latter's death in the 1930s.

Mr Wallenberg had already announced he was retiring as vice-chairman of Skandinaviska Enskilda Banken, the financial flagship of an empire which includes Astra, Electrolux, Ericsson, Saab, Scania, SKF and Stora.

A spokesman for Investor said Mr Wallenberg would in due course confine his direct involvement as a director to heading investor, handing over his responsibilities to his son Jacob, his nephew Marcus, or other trusted senior executives within the tight-knit Wallenberg circle.

Other positions Mr Wallenberg is set to leave include the vice-chairmanship of Ericsson, the telecommunications group, and the chairmanship of Asea, half-owner of the Swiss-Swedish engineering giant ABB. He also serves as co-chairman of ABB. In addition Mr Wallenberg is on the International advisory boards of Swiss Bank Corporation and National Westminster Bank and the European advisory council of General Motors.

Mr Wallenberg has for some time said he intended Jacob and Marcus to succeed him as joint chiefs of the century-old empire. They will be the fifth generation of Wallenbergs. But Mr Wallenberg senior is clearly not ready yet to retire fully. His role as investor, which holds most of the family investments in the array of companies, is the key position in the sphere.

Mr Marcus Wallenberg will initially take on more directorships than his cousin. He is at present a senior executive at investor, which holds most of the Wallenberg investments in the array of companies.

NEWS DIGEST

Bonn confident of Postbank deal

The German government is confident it can persuade Postbank, the postal savings bank, to pay about DM1.2bn (\$812m) annually for the use of the post offices belonging to Deutsche Post, the postal service, according to officials close to the negotiations. If the discussions prove successful, it would mark the end of months of difficult negotiations between the two state-owned institutions being prepared for privatisation.

The dispute has been about what financial services the two companies should offer through Deutsche Post's nationwide network of post offices. Final agreement, however, will depend on the size of the stake that Deutsche Post is allowed to take in Postbank in order to cement the co-operation between the two companies, an issue on which little progress has been made.

In January, Schroders, the London-based investment bank was asked to review the relationship between the two companies after Deutsche Post launched a hostile takeover bid for Postbank last October. Following Schroder's report the German government said Deutsche Post should be allowed to take a stake of "not more than 25 per cent plus one share" - effectively a minority controlling stake. However, Postbank is continuing to resist this proposal and has the support of the liberal Free Democratic party, the junior partners in the Bonn government coalition who argue that Postbank's privatisation prospects are improved if there are no larger outside stakeholders like Deutsche Post.

Michael Lindemann in Bonn

Japanese developer sees loss

Mitsubishi Estate, the Japanese property developer, announced it would revise downwards its annual earnings forecast because of extraordinary losses from the sale of its ownership in New York's Rockefeller Center last May. Mitsubishi Estate, which had initially forecast consolidated net profits of ¥1.2bn for the year to March, said it would now post net losses of ¥99.5bn (\$831m).

The company said it would record an extraordinary loss of ¥78bn on a consolidated basis resulting from a write-off of ¥109.2bn from its sales of Rockefeller Center and a credit of ¥31.3bn from the elimination of related debts. Mitsubishi Estate said it would also realise a special loss of ¥24.6bn from a revaluation of its investment in the Paternoster Square redevelopment project in London.

Emiko Terazono, Tokyo

Agnelli offshoot ahead

IFIL, the Italian holding company controlled by the Agnelli family, is on course to report an increase in consolidated and parent company net profit of more than 7 per cent for 1995. IFIL said net profit at the parent company had risen to an estimated £130bn (\$82.8m) in 1995, against £122bn the previous year. Consolidated profit was "significantly higher" than the £280bn recorded in 1994. Analysts believe the final profit, to be announced on May 22, will exceed £300bn.

Andrew Hill, Milan

Hypo-bank lifts profits

Bayerische Hypothek und Wechsel-Bank raised group operating profits after risk provisions by 17.4 per cent last year to DM1.5bn (\$88m) and is paying an unchanged dividend of DM1.45 a share. It will give full details of its 1995 performance and outline prospects today. Hypo-Bank also said it was putting DM267m into reserves compared with DM148m the year before.

Andrew Fisher, Frankfurt

Advance by Aegon

Aegon, the Dutch life insurer group, said 1995 net profits rose 14.9 per cent to a record of €1.32bn (\$900m) in 1995, slightly exceeding its earlier forecast that full-year growth would be "somewhat higher" than 12 per cent. For 1996, the insurer expected to see a "clear increase" in profits of between 7 and 12 per cent. The 1995 earnings improvement came across the board, both geographically and by business sector.

Revenues were barely changed at €120.5bn compared with €120.8bn in 1994. The small increase in guildler terms was due to the strength of the currency and the closure of the Aegon UK operation. Excluding these, revenue growth would have been 9.2 per cent. Mr Kees Storm, executive board chairman, said the company would continue to look at acquisitions but it would not be rushed, particularly as prices were high.

Ronald van de Krol, Amsterdam

Shaw Bros 'would drop bid'

Shaw Brothers, the Hong Kong film production and distribution company, is prepared to drop its HK\$1.07bn (US\$138m) cash bid for TVB, the media and property group if a rival offer from South China Morning Post (Holdings) is accepted by the newspaper group's shareholders. The move appears to signal an end to the contest for control of TVB.

John Riddings, Hong Kong

PUBLIC ANNOUNCEMENT: The Board of Directors of Chemical Works of Geodan Richter Ltd (Richter Geodan Vegyeszeti Gyar Rt) (083 Budapest, Gyömrői út 19-21) hereby notifies its shareholders that the Company shall hold its Annual General Meeting ("AGM") on May 3, 1996 at 3:00 p.m. The venue of the AGM shall be 24 Széchenyi St. H-1143 Budapest (104 Miklósi köz.)

Flotating Rate Bond due 2005 THE REPUBLIC OF ARGENTINA In accordance with the provisions of the Fiscal Agency Agreement...

REXEL REPORTS A STRONG INCREASE IN NET INCOME Sales in France by the operating companies (CDME and Geopelac) rose up 1.5% percent over 1994 on a constant structural basis...

BANQUE NATIONALE DE PARIS Programme for the issuance of Debt Instruments GBP 22,000,000 Floating Rate Notes due 1996 Series 30 Tranche 1

AGF Consolidated net income up 23%. 1995 marked the completion of the first important stage in the turnaround of the Group's profitability. We are refocusing on insurance, our core business, and in particular on markets with a promising future such as pensions, health and corporate insurance...

السؤال الأول

COMPANIES AND FINANCE: INTERNATIONAL

Merger heralds new era for Japanese banks

Tokyo Mitsubishi Bank looks like becoming a strong global force, writes Gerard Baker

When, a year ago, two of Japan's leading banks, Mitsubishi and Bank of Tokyo, decided to merge...

Heart of the strongest and most extensive industrial grouping or "keiretsu" in Japan...



Tarojiro Wakai, president Bank of Tokyo; Tetsuo Yamaguchi, president Mitsubishi

Table comparing Bank of Tokyo, Mitsubishi, and New Bank (Tokyo-Mitsubishi) across metrics like Assets, Shareholders' equity, Employees, and Branches/Rep offices.

It was an important question for the two managements. The bank they launch today is the largest in the world...

Unusually for a Japanese financial institution, its large scale is not radically undermined by a fundamental weakness...

Mitsubishi was the bolder of the older and more venerable name, and the title of the merged company ought to reflect that...

Its asset quality puts it ahead of most of its bad-loan laden rivals. Last week, the two banks were conspicuously absent from the long list of Japanese lenders announcing big losses.

When they publish their last annual results as separate institutions next month for the year ending in March...

When they publish their last annual results as separate institutions next month for the year ending in March, they will be two of only four banks to record pre-tax profits...

The new bank will have the lowest proportion of non-performing loans in its loan book among all Japanese banks...

In other respects, too, it has a keeo competitive edge over its rivals. In addition to the near domestic-international split of the two companies' earnings...

Bank of Tokyo-Mitsubishi offers an unparalleled range of businesses. It will have a domestic securities subsidiary...

of businesses they have, which is almost unique, says one manager at a rival bank. However, it will also have to overcome several hurdles...

the sensitivities of employees from both sides - maintaining a parallel personnel structure - will be deployed, ensuring that the ghosts of each of the old banks will haunt the corridors of the new...

An example of the problem is the companies' announcement last week of the new senior management. Bank of Tokyo had 35 directors; Mitsubishi, 36...

The chairman will come from Mitsubishi; the president from Bank of Tokyo; then down through the organisation the senior management will form an ever-widening pyramid of deputies...

A more serious question mark surrounds the new companies' customer base. Bank of Tokyo, as an independent bank, not tied to any of the big Japanese keiretsu...

However, only the bank's most optimistic competitors expect these problems to prove a significant drag on its performance. Most believe that Bank of Tokyo-Mitsubishi could mark a significant departure for Japan's banks...

This notice is issued in compliance with the requirements of the London Stock Exchange Limited (the "London Stock Exchange"). It does not constitute an offer or invitation to any person to subscribe for or purchase any shares.

Application has been made to the London Stock Exchange for the whole of the ordinary share capital of Avocet Mining PLC, issued and now being issued, to be admitted to the Official List of the London Stock Exchange...

Avocet Mining PLC

(Registered in England and Wales under the Companies Act 1985 with number 3036214)

Placing Sponsored by J O Hambro Magan & Company Limited

of 3,746,686 Ordinary Shares of 25p each at 240p par share, payable in full on application

Underwritten by James Capel & Co. Limited and a subscription for a further 420,000 Ordinary Shares of 25p each at 240p par share

Share capital immediately following the Placing

Table showing authorized, issued, and fully paid share capital details for Avocet Mining PLC.

The Company is a mining and exploration company with interests in gold and tungsten. Copies of the Prospectus relating to the Placing may be obtained during normal business hours...

The Registrars: The Sponsor: Avocet Mining PLC, J O Hambro Magan & Company Limited

This notice has been issued by, and is the responsibility of, Avocet Mining PLC and its directors and has been approved solely for the purpose of Section 37 of the Financial Services Act 1986...

This advertisement is issued in compliance with the regulations of the London Stock Exchange Limited (the "London Stock Exchange"). It is emphasized that this advertisement does not constitute an offer or invitation to any person to subscribe for or purchase any securities in Specialeyes plc (the "Company")...

SPECIAL EYES plc

(Registered and incorporated in England and Wales under number 1873281)

Introduction to the Official List

of the entire issued ordinary share capital and all of the 10 per cent. Convertible Unsecured Loan Stock 2000 of Specialeyes plc

Specialeyes plc

by CHARLES STANLEY & CO LIMITED

SHARE CAPITAL

Table showing authorized and issued share capital for Specialeyes plc.

LOAN CAPITAL

Table showing authorized and issued loan capital for Specialeyes plc.

Specialeyes plc is a retail optician with 64 stores nationwide.

Copies of the Exempt Listing Document may be obtained during normal business hours on any weekday (Saturday and public holidays excepted), from the date of this notice up to and including 2nd April 1996...

1st April 1996

If you are in any doubt as to the action you should take, you should seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser...

EIDOS

(Incorporated and registered in England with registered number 201949)

Rights issue of up to 3,615,664 units of non-interest bearing convertible subordinated unsecured loan stock 1996/2001 of 10p nominal at 67p per Unit (automatically convertible into Rights Shares) payable in two instalments...

Sponsored by Charterhouse Tilney Securities Limited

Provisional Allotment Letters in respect of Stock Units and the Rights Shares are not for distribution in the United States, Canada or Australia. The Provisional Allotment Letters, Stock Units and the Rights Shares have not been and will not be registered under the United States Securities Act 1933...

Charterhouse Tilney Securities Limited, 1 Peterborough Row, 5 Paul's, London EC4M 7DH

Eidos plc, The Boat House, Canova's Boatyard, 15, Thames Street, Hampton, Middlesex TW12 2EW

1 April 1996

The Republic of Venezuela U.S. \$1,870,570,000 Front Loaded Interest Reduction Bonds due 2007

The Republic of Venezuela U.S. \$1,250,000,000 Front Loaded Interest Reduction Bonds due 2007

C.A. La Electricidad de Caracas, SAICA-SACA U.S. \$50,000,000

Britannia \$150,000,000 Floating rate notes 1997. For the period 28 March 1996 to 28 June 1996 the notes will bear interest at 6.26458% per annum...

C.A. La Electricidad de Caracas, SAICA-SACA U.S. \$200,000,000 Floating Rate Bonds due 2008

BANQUE NATIONALE DE PARIS Programme for the issuance of Debt Instruments GBP 100,000,000

Fitch plc builds business success by design. Group turnover up 19% to £16,426,000 (1994 £15,843,000)

preliminary announcement for the year ended 31 December 1995. "Fitch has made great strides in fulfilling its ambition to be one of the major design brands in the world..."

FITCH! Commonwealth House, No. 1 New Oxford Street, London WC1A 1BW

JP Morgan Agent Morgan Guaranty Trust Company

preliminary announcement for the year ended 31 December 1995

London Boston Columbus San Francisco

Meeting of shareholders

Convocation for the Annual Meeting of Shareholders to be held on Wednesday, April 17, 1996 at 02:30 p.m. in the Okura Hotel, Ferdinand Bolstraat 333, Amsterdam.

Group turnover up 19% to £16,426,000 (1994 £15,843,000) Profit before interest up 277% to £1,846,000 (1994 £464,000) Pre-tax profit £1,532,000 (1994 £28,000)

Agenda: 1 Opening, 2 Annual Report of the Management Board for 1995, 3 Adoption of the annual accounts for 1995...

Copies of the Agenda and the Annual Report and the Annual Accounts for 1995 are, free of charge, as from today available at the offices of Koninklijke Botelwessanen nv and, in the United Kingdom, at the offices of Cazenove & Co. Library, 12 Tokenhouse Yard, London EC2R 7AN.

The Meeting is open to holders of Shares, Registered Ordinary Shares and Bearer Depositary Receipts, and to representatives of the Press upon presentation of their press pass.

Under article 40 of the articles of association, holders of Bearer Depositary Receipts, issued by "Stichting Administratiekantoor van aandelen Koninklijke Botelwessanen", are entitled to attend the Meeting in person, or represented by a proxy appointed in writing...

Management Board, Amsterdam, April 1, 1996. Koninklijke Botelwessanen nv, P.O. Box 418, NL-1180 AK Amsterdam, The Netherlands

Handwritten Arabic text at the bottom of the page.

# The importance of stock-picking

Philip Coggan on how Fidelity has adapted its freewheeling style to suit the more staid UK

Fidelity, the US fund management giant, is probably best known for the freewheeling style of managers such as Peter Lynch and Jeff Vinik of the Magellan mutual fund.

Vinik's idiosyncratic style is such that, last year, he built up a 43 per cent weighting in the volatile technology sector. By the end of January 1996, he had slashed his technology holding to 5.3 per cent and moved heavily into bonds and cash.

Such an approach might seem as an anathema in the more staid British market.

Fidelity's UK operation has been forced to walk a tight line, emphasising its belief in the importance of stock-picking but in the institutional market, avoiding the volatile results which would flow from an overly aggressive bottom-up style.

This leads to a distinct difference of approach between some managers on the retail side and those on the institutional.

Anthony Bolton - the UK arm's closest equivalent to Jeff Vinik - is a case in point. He has a phenomenal record in charge of the Special Situations and European unit trusts.

At the former, which he has run since its launch in 1979 - a rare feat of longevity for a unit trust manager - he has achieved an annual return of 23.1 per cent. On the European trust, which has been running since 1953, he has managed 23.8 per cent.

Country and sector allocations are well down the list of Bolton's priorities. He looks for the stocks he likes, and worries whether he is too heavily invested in one area later on.

For example, in the European fund at the start of March, he had 17.8 per cent of the portfolio in Norway and only 3.2 per cent in Italy - weightings which diverge substantially from the countries' relative importance in the European index.

Bolton has some limits on his country exposure: he will not have more than 35 per cent of the fund in a major market or more than 20 per cent in a minor market.

"I tend to have a bias towards certain countries, where the companies are run more for the benefit of shareholders," he says, citing Scandinavia as opposed to Italy.

Bolton scarcely follows an index-tracking strategy in his UK funds either. While the Special Situations unit trust is not specifically a small companies fund, Bolton currently owns no Footsie stocks. Despite a year in which smaller companies underperformed the FTSE 100 index by 1 per cent, the fund is still 90 per cent in the sector over the 12 months to March.

Stock picking, especially in the smaller companies sector,



Bolton: softly spoken



Horlick: avoiding risk

requires a lot of effort and this is where the sheer size of Fidelity comes into play.

The group has 140 analysts worldwide and the UK arm prides itself on its company contacts: Bolton cited a recent day in which Fidelity managers and analysts met, or spoke to, 32 corporations.

But the price investors can pay for Bolton's individual

## FUND MANAGEMENT

approach is volatility. In 1990, the Special Situations fund fell by 28.2 per cent, while the FTSE-100 All-Share was dropping by only 10.9 per cent; in 1991, the European fund rose only 0.8 per cent while the MSCI Europe (ex-UK index) was rising 15.1 per cent.

Fidelity's UK operation generally produced some poor investment returns in the 1989-90 period and it was recognised that institutions would want a more structured approach than the retail market.

Richard Horlick, managing director of Fidelity Institutional Asset Management, says that while one might want to be heavily overweight in the US for sound reasons, if a surprise event occurred, the funds would underperform in the short term.

Fidelity's new approach for institutions is designed to take advantage of the group's stock-picking expertise, while dampening down volatility. "Stock-picking drives returns," says Horlick. "Research has shown that, over the past five years, only one fund manager has added 1 per cent or more to its returns from asset allocation."

To avoid volatility, the aggregate of an institutional portfolio's 10 largest positions will be no greater than 25 per cent of the group's "active money".

The latter is defined as the difference between a stock's index weight and the actual weight in Fidelity's portfolio. Say Megacorp has an index weight of 3 per cent but Fidelity has a 5.5 per cent holding; that would represent an active position of 2.5 per cent, so Fidelity could have 10 such overweight positions.

Similarly, the five largest underweight holdings could represent no more than 15 per cent of active money (in the above case, Fidelity could own nothing at all of five Megacorp-sized stocks), institutional portfolios tend to hold fewer stocks - 80-100 - compared with the 170 which Bolton has in his European funds.

Horlick says the approach has worked, citing returns of about 20-30 per cent for clients on UK pension fund money last year. The funds did well by avoiding British Gas but missed out on the benefits of owning takeover stocks Wellcome and TSB.

In the UK, Fidelity remains fairly small herd in institutional fund management terms, running about £1.2bn of UK money, plus another £1bn of European pensions business. But at least the UK arm is not subjected to the harsh glare of the spotlight, like its US parent.

Every move of Vinik, with the \$500m-plus Magellan portfolio to run, is scrutinised by the US market; even with \$81m in the European trust and \$577m in Special Situations, the UK fund management business does not emphasise personalities.

The softly-spoken Bolton can keep a low profile.

**KYMMENE**

**NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS**

The shareholders of Kymmene Corporation are invited to attend the Annual General Meeting of shareholders to be held at the Marian Congress Center, Kalamazoo, Michigan, U.S.A. at 9 p.m. on Thursday, 18 April 1996.

The Meeting will consider the matters specified in Article 13 of the Articles of Association and the election of a UPR-Kymmene Corporation Board member to replace a resigning member.

Copies of the Annual Accounts and other documents related to the Board's proposal will be available for inspection as of 11 April 1996 at the Corporation's Head Office, Mikonkatu 15 A, Helsinki, Finland, and copies of the documents will be sent to shareholders on request. Information concerning the Annual Accounts is also available at the Investment Management branches of the Suomen Bank Ltd as of the same date.

All shareholders who have been entered into the Share Register of the Corporation as of 28 March 1996 to the Central Share Register no later than Thursday, 4 April 1996, have the right to attend the General Meeting of shareholders. Even though a shareholder's shares have not been entered into the book-entries system, he/she has the right to attend the Meeting in case he/she has entered into the Share Register of the Corporation no later than 21 April 1996. In the case the relevant share certificate(s) or other clarification of the share ownership has not yet been registered into the book-entries system, the share ownership should be presented at the place of the Meeting. Shareholders, who have the right to attend the Meeting in accordance with the above and wish to receive a notice of their attendance to the Corporation, should send a notice of their attendance to the Corporation at Mikonkatu 15 A, Helsinki, Finland, no later than Monday, 16 April 1996. Notice of attendance may also be made by letter to the Corporation's Head Office, P.O. Box 10778, 00101 Helsinki, Finland, or by telephone: +358 (0)1314 1283 by the date and time mentioned above. Any proxies should accompany the notice of attendance.

**Dividend**

The Board's proposed dividend for the period ending 31 December 1995 is 0.50 FIM per share.

Payment of dividends is restricted to those persons whose names are entered in the list of the Corporation shareholders maintained in the Central Share Register on 21 April 1996, the date set for distribution of dividends. Dividends will be paid on 26 April 1996.

Helsinki, 24 February 1996  
Board of Directors

**Hydro Québec**

**U.S. \$200,000,000**  
Floating Rate Notes Series 11,  
due October 2005

Unconditionally guaranteed as to payment of principal and interest by  
PROVINCE DE QUÉBEC

NOTICE IS HEREBY GIVEN that for the Interest Period 1st April, 1996 to 1st October, 1996, the interest rate will be 5.25% per annum.

The interest is payable on 1st October, 1996 against Coupon No. 6 will be U.S. \$133.44 per U.S. \$100,000 Note and U.S. \$266,880.00 per U.S. \$1,000,000 Note.

Bank of Montreal  
as Calculation Agent 1st April, 1996

**ALLIANCE LEICESTER**

Alliance Leicester Building Society

**£200,000,000**  
Floating Rate Notes  
due 1998

For the Interest Period 27th March, 1996 to 27th June, 1996, the Notes will carry a Rate of Interest of 6.1875% per annum with interest amounts of £193.33 per £10,000 and £1,933.33 per £100,000 Note, payable on 27th June, 1996.

Listed on the London Stock Exchange  
Bankers Trust Company, London Agent Bank

**Nafin Finance Trust II**

**U.S. \$129,880,000**  
Floating Rate Notes due 1999

For the Interest Period 29th March, 1996 to 29th June, 1996, the Notes will carry a Rate of Interest of 7.91875% per annum. The Coupon Amount per original U.S. \$10,000 Note will be U.S. \$50.20 payable on 29th June, 1996.

Bankers Trust Company, London Agent Bank

## FINANCE

### FACES

## Italy's chocolate whizzkid breaks into banking

An intriguing alliance between Italy's leading, some would say only, merchant bank and the country's biggest chocolate maker was sealed last week, when Pietro Ferrero joined the board of Mediobanca, Andrew Hill writes.

Coincidentally, both the chocolate factory and the bank are 50 years old this year, which makes them nearly two decades older than Pietro. Still in his early 30s, he is said to be the youngest ever director of the powerful and secretive Milan-based bank.

Pietro Ferrero is the elder son of Michele Ferrero, who founded the family company. He runs the European operations of Ferrero, which now turns over £7,000bn (\$4.4bn) a year and is best known internationally for Ferrero Rocher chocolates and Nutella spread. His brother Giovanni runs operations in the rest of the world.

But ambitious 30-somethings should note that it takes more than youth and wealth to join a board which includes the cream of Italian business and finance.

It helps if, like Ferrero, your company has been for years one of the core shareholders of Mediobanca, and thus a fully paid up member of the "salotto buono" - the fine drawing room of Italy's business elite. But the clinking factor may well be that the Piedmontese confectioner is almost as famously discreet about his business dealings as Mediobanca itself.



Runners and riders (from left): Robson, Dann, Vardey, Wicker-Muirin and Kilby

makers' cabal responsible for the ousting of Michael Lawrence as the Exchange's chief executive.

Then on Friday he had to step forward as acting chief executive of BZW after the sudden death, at the age of 53, of his close friend David Band.

After teaching economics at Edinburgh University, he spent seven years with the British Airways pension fund before joining what was then known as the Barclays Investment Manager's Office in 1977. From 1989 to 1994 he ran BZW Asset Management, and then stepped up to become deputy chief executive of the whole BZW group.

Brydon's grilling at the House of Commons last month was rough enough. More difficult, on a personal level, will be the task of keeping BZW on course after the shock of Band's death.

"But there are 5,500 people here depending on us to keep managing the firm," Brydon says.

### Runners and riders for the City's hottest seat

The odds are shortening on a dark horse to win the race for the post of London Stock Exchange chief executive, arguably the City's most difficult job. The shortlist has been drawn up, Norma Cohen writes.

Among the front-runners is Stephen Robson, deputy director for finance regulation and industry at the UK Treasury. Robson, 52, is well known to the City as the mastermind behind the

government's privatisation programmes. Ironically, he is thought to be strongly in favour of some of the stock exchange reforms championed by Michael Lawrence, the previous chief executive sacked in January, which were vigorously opposed by some City figures.

Some board members are privately beginning to question whether the Exchange should be looking for an outsider at all. However, the prevailing City view is that none of the existing executives is a suitable candidate.

Giles Vardey, 40, director of markets development and marketing since December 1992, has been touted for the job but is thought to have alienated some of the City's largest firms. Christine Dann, 47, director of business operations, is described by insiders as "quietly competent" but lacking in leadership qualities. And Fields Wicker-Muirin, 37, is praised for her intellectual skills but as an American, and a former management consultant, she may be too culturally alien to be entrusted the top job.

That leaves Richard Kilby, 44, since last August the director in charge of supervision and surveillance. He has been generally well received, but is regarded as too new to the job to be a likely successor to Lawrence.

### Luzón's productive week

A change of government is always a tricky period for those who hold plum jobs running state-controlled companies but Francisco Luzón, chairman of

Spain's Argentaria banking group, has less reason to worry than most, Tom Burns writes. A successful Argentaria share issue last week was a neatly timed personal triumph.

Luzón, 48, is no ordinary political appointee. The son of a shipyard worker, he joined Banco Vizcaya as a trainee, rose rapidly to become its chief credit officer and eventually joined the board of the merged Banco Bilbao Vizcaya.

In 1988, the then Socialist finance minister Carlos Solchaga, a friend of early Vizcaya days, asked him to run a clutch of state-controlled banks. Luzón moulded the separate businesses together into the state-owned banking corporation which he called Argentaria and in 1993 he persuaded the government to partially privatise his brainchild.

The odds appeared stacked against successful disposal of the latest \$1.1bn, 25 per cent tranche of the banking group's state-owned equity, as Spain's closely fought general election on March 3 fuelled the volatility of the Madrid market. However, Luzón rose to the challenge of selling a state asset in the midst of an interregnum with his usual zealous attention to detail. He selected the US and UK institutions whose analysis he respected, met them on a one-to-one basis in a punishing road show schedule and obtained the results he wanted. The foreign allocation was 2.4 times oversubscribed, and Luzón claimed stable, high-quality investors had joined Argentaria's shareholding.

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TELEPHONE: (809) 293-5712  
FAX: (809) 293-5714

Global Investor / Peter Martin

Analysing the economic cycle



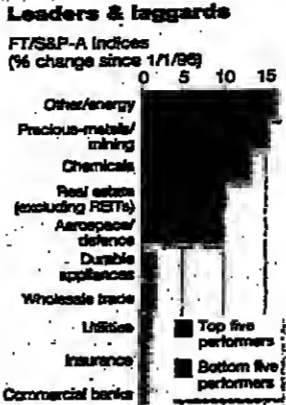
A Martians with a working knowledge of financial markets would be able to tell the state of the terrestrial economy from the chart alongside.

GDP Gap table showing quarterly change and rising/falling indicators for equities, bonds, cash, and commodities.

The picture is not, of course, quite as neat as that. A few classic cyclical sectors - forest products, construction, mining - are near the bottom.

will sooner or later lead to inflation. Restrictive policy steps by the central bank will follow which will eventually tip the cycle towards contraction.

rising quarters in that period, the average return on world equities was 8.9 per cent.



Total return in local currency to 28/3/96 table with columns for US, Japan, Germany, France, Italy, UK and rows for Cash, Bonds, Equities.

Just as striking as that unanimity is the composition of the best- and worst-performing sectors. Defensive sectors are at the bottom, broadly cyclical sectors at the top.

They divide the phases of the cycle into four, depending on the state of the output gap - the extent to which production is smaller or larger than productive capacity.

Mr Weingarten believes the world as a whole is "bottom right moving to bottom left", though the US and UK may be on the verge of moving clockwise.

to begin their phase of spectacular price appreciation. From an investor's point of view, the question is not just where we are in the predictable pattern, but also how this cycle differs from the usual one.

Financial pressures are strong enough to prevent any rapid acceleration of prices. The financial markets partly share this view.

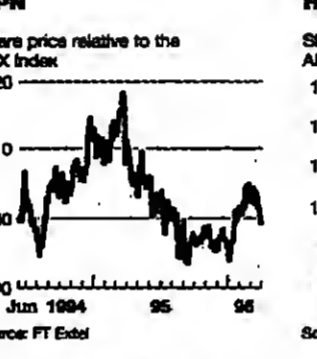
that we are moving into a period of relative under-performance by bonds. They are not enough, however, to suggest monetary restriction.

COMPANY RESULTS DUE

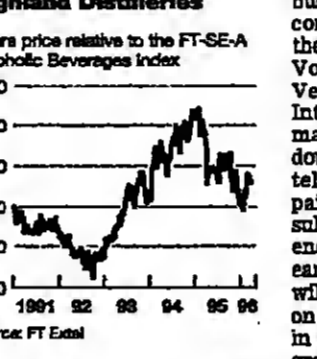
All-round lift expected at Belgian combine. Société Générale de Belgique: The Belgian conglomerate is today expected to announce 1995 net profits before exceptional items of between BFr10.1bn and BFr10.8bn (\$33m-\$36m).

SGE's share of this will amount to BFr167m, according to KB Securities. Generale de Banque reported an extraordinary loss of BFr30m, giving a BFr225m cost to SGE in exceptional charges.

looking for continued growth in Asia and for the group's outlook on the market for its speciality chemicals division.



with Ft1.035bn or Ft1.442 per share in 1994. The group is expected to raise its dividend to between Ft2.63 and Ft2.65 from Ft2.30.



fixed-line telephony. Increased international calling volume would compensate for a slight erosion in prices, they added.

business from the arrival of a competing GSM network by the Libertel consortium of ING, Vodafone Group of the UK, and Orange International.

Tarmac said it would report pre-tax profits for 1995 of at least £65m (against £107.2m after a £50m contract provision).

McKeechnie: The plastics and metal components group is forecast to lift its first-half pre-tax profits from £20.2m to around £22m when it reports on Wednesday.

CITIBANK EGYPT BRANCHES advertisement featuring a large logo, the amount L.E. 200,000,000, and text about Floating Rate Notes Due 2001. Includes address for Concord International Partners in New York.

INTERNATIONAL EQUITIES By Antonia Sharpe

Aid for supply-demand imbalance

emerging markets in Europe and the Middle East. Demand for shares in OTE, the Greek telecoms company, which was partially privatised last week, was such that the entire Dr96bn (\$388m) transaction could have been sold abroad.

FT/S&P ACTUARIES WORLD INDICES

Large table showing FT/S&P Actuaries World Indices for Friday March 29 1996 and Thursday March 29 1996, listing various countries and their respective indices.

Handwritten Arabic text: صندوق الاستثمار





## The GPA Success Story

All of these Securities having been sold, this announcement appears as a matter of record only.

**\$4,048,000,000**



### Airplanes Pass Through Trust

#### Pass Through Certificates

Certificates	Principal Amount
Subclass A-1	\$850,000,000
Subclass A-2	\$750,000,000
Subclass A-3	\$500,000,000
Subclass A-4	\$200,000,000
Subclass A-5	\$598,000,000
Class B	\$375,000,000

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### GPA Group plc completed a refinancing including:

- Obtaining approval for a maturity extension of \$2 billion of Core Facility Bank Debt
- Obtaining approval from holders of Core Facility Bank Debt and the Secured Notes to implement the refinancing through Airplanes Group
- Restructuring of GPA's new aircraft purchase obligations
- Raising \$4.05 billion proceeds from the sale of Airplanes Group Certificates
- Repayment of \$2.9 billion of Core Facility Bank Debt, Secured Notes and other secured debt

The undersigned acted as financial advisor to GPA Group plc with respect to the refinancing.

Certificates	Principal Amount
Class C	\$375,000,000
Class D	\$400,000,000

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MARKETS: This Week

NEW YORK By Richard Waters

The news which is likely to have the biggest impact on the direction of US financial markets this week will come on a day when many traders are not there to see it.

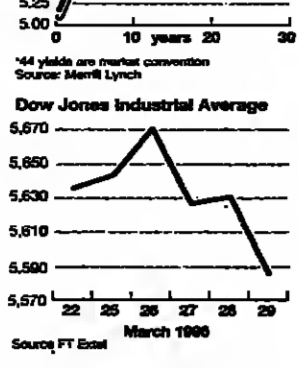
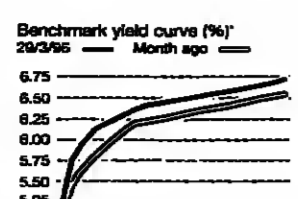
Employment figures for March will be released on Friday morning, when bond desks will be sparsely populated ahead of the Easter weekend and the stock market closed altogether.

The bloodbath that accompanied February's employment report is still fresh in the mind. That gives the March data added importance, as the markets look for clearer evidence about whether the 700,000 new jobs in February were merely a rebound from an earlier weather-related slowdown, or a symptom of a more robust pick-up in economic activity.

A strike at General Motors resulted in a likely decline of around 35,000 manufacturing jobs in February, according to economists surveyed by MMS International.

However, the same economists expect overall payroll growth to have been around 75,000, while the unemployment rate is predicted to have risen from 5.5 per cent to 5.6 per cent.

That will leave average job growth at around 200,000 in each of the first three months - a higher rate than in each of the previous three quarters.



The stock market, for its part, would take a little comfort from faster growth as the bond market. An interest rate cut - reducing companies' costs and rekindling consumer spending - has been the main hope for a further rise in share prices.

Meanwhile, after four years, the cyclical earnings rebound among US companies is finally running out of steam. That is likely to be confirmed in first-quarter figures, which will begin to seep out after the end of this week.

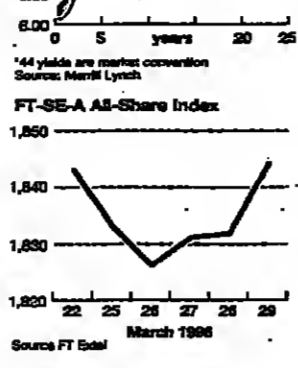
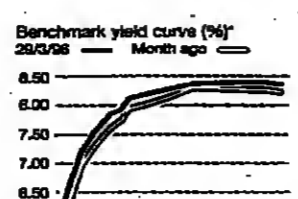
LONDON By Philip Coggan

UK equities recovered some spirit towards the end of last week as news of the renewed talks between British Telecom and Cable and Wireless allowed the market one of its speculative binges.

Old takeover stories such as Zeneca were revived, and volume soared, with more than 1bn shares traded on Thursday in customer-related business worth nearly £3bn.

Traders will be hoping that this week provides some hard facts to keep the pot boiling, particularly in the form of a more definitive announcement from the two telecoms groups. Equities seem in better shape than gilts, with the yield on the benchmark 10-year issue reaching a high for the year of 8.21 per cent on Thursday, despite the success of last week's £3bn gilts auction.

The implications of the mail row dispute scare on the public sector borrowing requirement and the trade deficit are still far from clear. With few UK economic statistics due this week, market focus will once again be across the Atlantic, where the non-farm payroll numbers for March will be published. By that stage, however, the UK markets will be closed for Good Friday and traders will accordingly be doubly nervous about taking big positions ahead of the Easter holidays.



The February payroll number alarmed the US bond market by implying that economic growth was rebounding strongly. Neither UK bonds nor equities will be able to make much progress until it is clear whether the US has reached the bottom of the interest rate cycle.

After several recent rounds of rate cuts, few in the market are expecting Wednesday's meeting between the governor of the Bank of England and the chancellor of the exchequer to result in a further reduction.

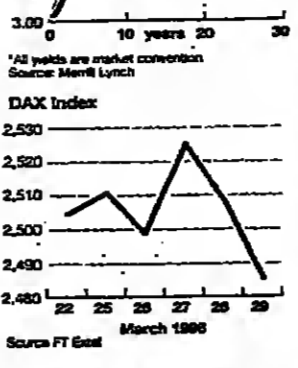
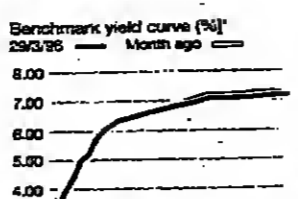
FRANKFURT By Andrew Fisher

News emerged late last week to give the German bond and equity markets an encouraging start to the short pre-Easter week. Chemical workers accepted a moderate 2 per cent wage rise and more working flexibility in return for job security. Textile workers have already settled for 1.5 per cent.

The Bundesbank has made clear its own monetary policy can only work if wage negotiators keep pay rises down and the government brings the budget under control. So hope for lower interest rates at a time of economic sluggishness has been enhanced by the chemical industry deal.

Even so, an obstacle remains in the shape of rapid growth in money supply, even though this can be explained by special factors and statistical distortions. Thus the Bundesbank took no action at last Thursday's council meeting, the next opportunity being mid-April.

If the Bundesbank is to cut short-term rates again, M3's expansion must slow considerably, said Mr Joerg Henzler, Frankfurt economist at Industrial Bank of Japan. But he added that the "rather promising start" to the pay round could improve business sentiment and support lower interest rates. Both were important for a rebound of business activity.



IBJ is optimistic on the overall outcome of the pay round, expecting increases of about 2 per cent. This would reinforce recent stock market strength, although the current week is likely to be one of consolidation.

Both Dresdner Bank and BMW will report 1995 results. Shares to watch include Volkswagen, which slumped on Friday on disappointment at its figures, and Gehe (pharmaceutical distribution) which rose sharply on its 1995 performance.

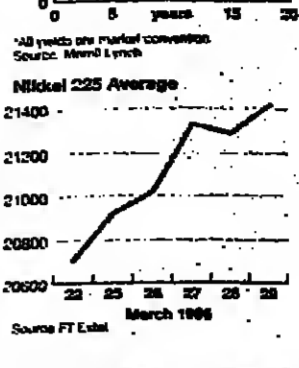
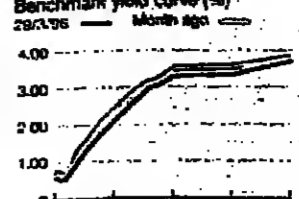
TOKYO By Emiko Terazono

Fiscal allocations for the new fiscal year by domestic institutions are expected to support the markets this week. The stock market saw a rush of new money last week as trading for April settlements started last Tuesday. Domestic institutional funds were buying cyclical blue chips, including steels and shipbuilders.

Traders expect purchases of shipping and export sectors to rise, due to the yen's decline. Participants expect a rise in pension fund money to flow into the stock market due to a shift in fund management appointments from life insurers to investment advisory and management companies.

Corporate and state-owned pension funds have started to look for higher returns on the recent investments and the recent deregulation of pension fund management rules has prompted a greater amount of funds to be allocated to investment management companies, which mostly invest in stocks and other equity-linked investments.

The banking sector, however, is likely to suffer from the effects of the liquidation of Daiwa Bank. Investors may be discouraged by the move by Sakura, Fuyo, Tokai and Sanwa to contribute to the regional bank's liquidation. While the bond market may



also see an inflow of funds, the amount is likely to be limited. "Many fund managers see that there is more upside potential in stocks," says an analyst at JP Morgan in Tokyo.

Activity in the real estate market is expected to start this week. The new market, which will require bond borrowers to put in cash collateral for the full value of the bond, will reduce the risks of borrowing and lending bonds. However, most market participants expect trading to remain slow at first.

COMMODITIES By Richard Mooney

Cocoa rally in the balance

Cocoa traders, having seen their market roused from its slumbers last week, will be looking anxiously this week to see if it can consolidate the gains, or perhaps move on to challenge long-term highs.

A 93¢ gain on the week left the May futures position on the London Commodity Exchange at \$96 a tonne, and some analysts told the Reuters news agency that the market was eyeing \$1,000 for May. There was also a feeling, however, that a technical "correction" was needed to fill gaps in price charts left by last week's steep rise before a whole-hearted challenge of overhead resistance could be mounted.

A key factor will be the appearance or continued absence of substantial selling by producers. So far they have stayed on the sidelines, reluctant to do anything to damage what they see as a long-overdue rally. But if the momentum of the rise appears to be faltering or the correction predicted by the analysts materialises the temptation to cash in while the higher levels last may become too strong to resist.

Producers are expected to be in Los Cabos, Mexico, the World Gold and Silver Institutes are holding their annual meetings and associated conferences. The three-day event began yesterday.

Today sees the start in Singapore of the two-day Asia Edible Oil Markets '96 conference. Representatives of producers and trading companies will be giving papers on supply/demand prospects, quality control and the industry's expansion prospects in the region.

demand outlook, investment opportunities, and the changes to current infrastructure, such as transport and energy, needed to accommodate expected growth. Another Metal Bulletin conference, on bauxite and alumina, begins in Miami today and continues tomorrow.

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OTHER MARKETS Compiled by Michael Morgan

PARIS

The equity market has been enjoying a good run, with the CAC-40 index again breaching the 2,000 level and looking likely, this time to hold it, writes John Pitt.

Sentiment was helped last week by some good corporate results, as well as firm evidence that the new boss of Alcatel Alsthom, Mr Serge Tchuruk, was taking tough measures to solve the endemic problems at the telecoms and engineering group. The market will be now turning its attention in search of direction to Suiz, another conglomerate, which is due to announce 1995 results on April 3.

Technical analysts say the CAC-40 index is well positioned to break out of its current trading range, and should be able to hold itself above the 2,030 mark. But, as Morgan Stanley said last week, the French equity market has been trapped in a volatile trading range of 2,000 to 2,050.

"For the moment," says Morgan Stanley, "it is difficult to see what will shake the market out of the 1,700 to 2,000 tunnel. What may be needed is a change of wind, before it is plain sailing."

sure the business community," noted one economist. "The market wants to know if the appointment of a politician as prime minister will pressure on the Reserve Bank to lower interest rates. But this week will be too early to tell."

Analysts said they would watch Anglo American shares, which rose on Friday amid rumours that a UK institution was buying into the multinational. The rumour, which stabilised on Friday in the wake of the announcement, could strengthen if gold shows further signs of recovery.

Custom dictates that the Johannesburg markets will follow Wall Street, where there are signs of volatility ahead of poor corporate results for the first quarter. But the Easter break will dampen the impact of single-digit company earnings growth in the US, and

many local brokers will be on holiday from Wednesday.

HONG KONG

The stock market, which closed lower on Friday following last week's unexciting corporate results, is in for a quieter week ahead of the Easter holidays, writes Louise Lucas.

Attention today will focus on property developers, following Friday's announcement that the tender to develop a prestigious site in the prime business and shopping district had been awarded. The project, estimated to cost more than HK\$40bn, has gone to a consortium comprising Sun Hung Kai Properties, Henderson Land Development, the Hong Kong and China Gas Company, and Bank of China Group.

A number of smaller companies report earnings this week

and tomorrow Peragrine Investments, the pan-Asian investment banking group, will unveil final.

BRADY BONDS

Brady bonds ended last week more or less where they began, with the WMB secondary market debt price index standing at 134.55 shortly before the London close, down 0.2 per cent, writes Richard Lapper.

Signs at the IDB meeting in Buenos Aires that the rift between President Carlos Menem, the Argentine president, and Mr Domingo Cavallo, the economy minister, is being repaired had buoyed sentiment earlier in the week.

This week, activity is expected to be slack ahead of the Easter holidays and publication on Good Friday of US non-farm payroll data.

CROSS BORDER M&A DEALS

Table with columns: BIDDER/INVESTOR, TARGET, SECTOR, VALUE, COMMENT. Rows include Ahold (Netherlands), Inmetra Voima (Finland), Medtronic (US), Cosnar d'Aleno Mines (Australia), Escorts (India/Yamaha Motor (Japan), Norsk Hydro (Norway), Cedar (Canada), Williams (UK), Williams (UK).

SkyePharma PLC Acquisition of Jago Holding AG. Placing and Open Offer of 187,776,644 new Ordinary Shares of 10p each at 75p per share. Admission to the Official List of Ordinary Shares and 'B' Warrants. SBC Warburg sponsor.

CURRENCIES By Philip Gawthorn

Traders set to mark time ahead of US jobs report

With only four trading days ahead of Easter, the chances of a busy week on the foreign exchanges would appear slim.

Most attention will be focused on the release of the US payroll report on Friday, following the British Equestrian asset markets. But with most markets closed on that day, it may only be in the following week that a proper response becomes evident.

If the pattern of recent weeks were to be continued, then the dollar would be likely to take its lead from the performance of the US asset markets. These in turn would probably respond to a weak payroll report that did not raise fears of inflation.

On the other hand, the dollar did hold up surprisingly well to the February report, despite the turbulence in bond and equity markets.

Arguably more important for the dollar will be the asset allocation decisions of Japanese fund managers for the second quarter. Many bullish dollar forecasts are predicated on Japanese buying of US assets.

The G7 meeting in Lille, to discuss job creation, has the potential to produce some market turbulence. The past week saw an upsurge in euro-enthusiasm, but with manufacturing activity in Europe at a low ebb,

the prospects of European economies meeting the Maastricht convergence criteria become ever more difficult.

"Bad news" on the single currency project tends to boost the D-Mark, because many investors respond to uncertainty by buying D-Marks as a "safe-haven" currency.

In the UK, the monthly meeting is not expected to produce a cut in interest rates. The government's political position is precarious, but most of the bad news appears already to be in the price. The Italian lira is likely to come increasingly into the spotlight as the April 31 election draws near, with opinion polls continuing to indicate that the result may be very close. Any such result, which may be limited to the sort of firm government markets cherish, is likely to result in pressure on the currency.

FT GUIDE TO WORLD CURRENCIES

Table with columns: Country, Code, Rate, etc. Lists exchange rates for various countries like Argentina, Australia, Austria, etc.

MARKETS: This Week

INTERNATIONAL BONDS By Samar Iskander

Dollar maintains dominance in record quarter

International bond issuance reached record levels in the first quarter of 1996, boosted by very favourable market sentiment and encouraging conditions for emerging markets borrowers.

10-year benchmark bond yields

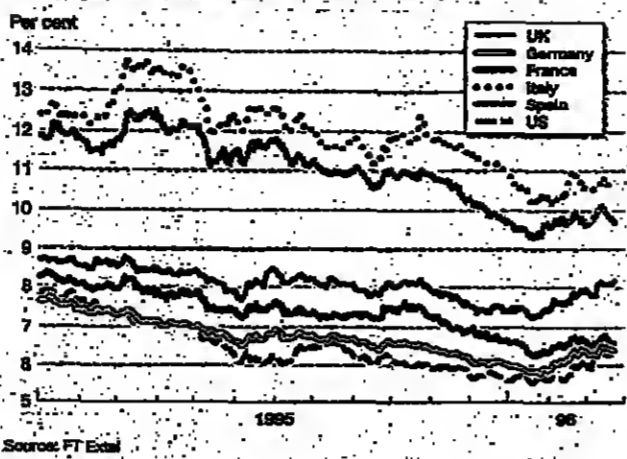


Table titled 'BRIEFING MATTERS AT A GLANCE' showing financial indicators for USA, Japan, Germany, France, Italy, and UK.

The South African rand, for example, was made popular by the conjunction of bullish expectations on the currency, which attracted investors, and particularly advantageous swap rates for issuers.

EMERGING MARKETS By Julian Ozanne

Lull seen as buying opportunity

The recent lull in Israel's stock market could prove the best buying opportunity for a market whose considerable growth potential is being suppressed by political uncertainty and a lack of domestic liquidity.

throughout Europe, particularly Britain, Switzerland and Germany," said Mr David Dwek of UBS.

If the macroeconomic framework improves, the market could be set for considerable growth in late 1996 and 1997.

Foreign investment has also increased significantly, although foreign investors account for no more than 5-10 per cent of daily volume.

Expanding foreign interest in Israel combined with a return to the market by local investors, partly due to ongoing savings deregulation, could provide the platform for a market take-off and a return to the halcyon days of late 1993 when the Mishtanin index traded in the 240-255 range and daily volumes reached \$200m.

But investors considering Israel are weighing the risks of accessing a cheap market now or waiting until the election. A majority of foreign investors want to see victory for the Labour party because they believe that would mean continuity of policy both in the Middle East peace process and in the economy.

There was very strong interest in the offering of \$6m initial public offering of Tadiran Telecommunications, now listed on the New York Nasdaq exchange, a dedicated tranche of 40 per cent of the shares was sold in Europe led by Union Bank of Switzerland.

Table titled 'INTERNATIONAL BOND ISSUES BY CURRENCY' showing bond issues by currency type.

Table titled 'TOP INTERNATIONAL BOND LEAD MANAGERS' showing the top managers for the first quarter of 1996.

ING BARING SECURITIES EMERGING MARKETS INDICES

Table showing emerging markets indices for various regions like Latin America, Asia, Europe, and Africa.

NEW INTERNATIONAL BOND ISSUES

Table listing new international bond issues with columns for currency, amount, maturity, and issuer.

NEW INTERNATIONAL BOND ISSUES

Table listing new international bond issues with columns for currency, amount, maturity, and issuer.

Brixton Estate plc Annual Results 1995. Net Rental Income: £75.81m. Investment Profit: £33.39m. Profit before Taxation: £35.14m.

Merrill Lynch International Limited, announces that from March 29, 1996, it will become an unlimited liability company and will in future be named Merrill Lynch International.

Year-End Report 1995 - Skandia Insurance Company Ltd. Stronger Market Position and Record Results for Norden and AFS. The insurance result for non-life business in the Nordic countries rose 30 per cent to MSEK 1,205 (930).

WORLD STOCK MARKETS

Table of world stock markets including Europe, Australia, New Zealand, and various regional indices.

Rockwell, builder of the space shuttle, also makes the majority of the fax and data modems in the world. Rockwell logo and text.

Table of stock prices for various companies in Europe, Australia, and other regions.

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Handwritten text in Arabic script: سوق من الاموال

CURRENCIES AND MONEY

BRUNO SPOT FORWARD AGAINST THE POUND

Table with columns for Country, Currency, Bid/Offer, and various rates. Includes entries for Australia, Belgium, Denmark, etc.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Table with columns for Country, Currency, Bid/Offer, and various rates. Includes entries for Argentina, Brazil, Canada, etc.

WORLD INTEREST RATES

Table with columns for Country, Term, Rate, and various interest rate data. Includes entries for Belgium, France, Germany, etc.

CROSS RATES AND DERIVATIVES

Table with columns for Country, Currency, Bid/Offer, and various cross rates. Includes entries for Australia, Belgium, Denmark, etc.

FT GOLD MINES INDEX

Table with columns for Mine Name, Bid, Offer, and various gold mine index data. Includes entries for Anglo American, Barrick, etc.

EURO CURRENCY INTEREST RATES

Table with columns for Country, Term, Rate, and various Euro currency interest rate data. Includes entries for Belgium, France, Germany, etc.

EXCHANGE CROSS RATES

Table with columns for Country, Currency, Bid/Offer, and various exchange cross rates. Includes entries for Australia, Belgium, Denmark, etc.

FT GUIDE TO WORLD CURRENCIES

Table with columns for Country, Currency, Bid/Offer, and various FT guide to world currencies data. Includes entries for Australia, Belgium, Denmark, etc.

THREE MONTH EURO-DOLLAR (MM) \$1m points of 100%

Table with columns for Date, Bid, Offer, and various three month Euro-dollar data. Includes entries for Jun, Sep, Dec.

UK INTEREST RATES

Table with columns for Term, Rate, and various UK interest rate data. Includes entries for 1m, 3m, 6m, 12m.

LONDON MONEY RATES

Table with columns for Term, Rate, and various London money rate data. Includes entries for 1m, 3m, 6m, 12m.

SE Actuarial Share Indices

Table with columns for Index Name, Value, and various SE actuarial share index data. Includes entries for 10, 15, 20, 25.

BANK RETURN

Table with columns for Department, Amount, and various bank return data. Includes entries for Capital, Public deposits, etc.

BANK OF ENGLAND TREASURY BILL TENDER

Table with columns for Term, Amount, and various Bank of England Treasury bill tender data. Includes entries for 1m, 3m, 6m, 12m.

BASE LENDING RATES

Table with columns for Bank Name, Rate, and various base lending rate data. Includes entries for Abbey, Bank of Scotland, etc.

UK GILTS PRICES

Table with columns for Maturity, Price, and various UK gilts prices data. Includes entries for 1997, 2000, 2003, etc.

Other Fixed Interest

Table with columns for Instrument, Rate, and various other fixed interest data. Includes entries for FTSE 100, FTSE 250, etc.

FT-SE Actuarial All-Share

Table with columns for Index Name, Value, and various FT-SE actuarial all-share data. Includes entries for 10, 15, 20, 25.

THE TOP OPPORTUNITIES SECTION

Advertisement for Robert Hunt, featuring text about senior management positions and contact information. Includes a large heading and several paragraphs of text.

FT MANAGED FUNDS SERVICE

FT Cityline Unit Trust Prices: dial 0891 480010 and key in a 5 digit code listed below. Calls are charged at 39p/minute cheap rate and 49p/minute at all other times. International access available by subscription only. For more details call the FT Cityline Help Desk on (+44 171) 878 4378.

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Table listing fund names and prices for Bermuda (SIB RECOGNISED) including various equity and bond funds.

BERMUDA (REGULATED)\*\*

Table listing fund names and prices for Bermuda (REGULATED)\*\* including various equity and bond funds.

GUERNSEY (SIB RECOGNISED)

Table listing fund names and prices for Guernsey (SIB RECOGNISED) including various equity and bond funds.

IRELAND (SIB RECOGNISED)

Table listing fund names and prices for Ireland (SIB RECOGNISED) including various equity and bond funds.

IRELAND (REGULATED)\*\*

Table listing fund names and prices for Ireland (REGULATED)\*\* including various equity and bond funds.

Table listing fund names and prices for Jersey (SIB RECOGNISED) including various equity and bond funds.

ISLE OF MAN (REGULATED)\*\*

Table listing fund names and prices for Isle of Man (REGULATED)\*\* including various equity and bond funds.

LUXEMBOURG (SIB RECOGNISED)

Table listing fund names and prices for Luxembourg (SIB RECOGNISED) including various equity and bond funds.

LUXEMBOURG (REGULATED)\*\*

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Table listing fund names and prices for Jersey (REGULATED)\*\* including various equity and bond funds.

JERSEY (SIB RECOGNISED)

Table listing fund names and prices for Jersey (SIB RECOGNISED) including various equity and bond funds.

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Table listing fund names and prices for Isle of Man (SIB RECOGNISED) including various equity and bond funds.

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Handwritten Arabic text: مکتوب من الأصل

سكاي من الاجل

FT MANAGED FUNDS SERVICE

FT Cityline Unit Trust Prices: dial 0891 430010 and key in a 5 digit code listed below. Calls are charged at 39p/minute cheap rate and 49p/minute at all other times. International access available by subscription only. For more details call the FT Cityline Help Desk on (+44 171) 873 4376.

Main table containing fund names, codes, and prices. Includes sections for 'OFFSHORE FUNDS' and 'MANAGED FUNDS NOTES' at the bottom right.

banks
erard Baker
okker

MANAGED FUNDS NOTES
Prices are in pence unless otherwise indicated and these
represent 2.5% of the net asset value of the fund.

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

Table listing companies in the Alcoholic Beverages sector with columns for company name, price, and change.

BANKS, MERCHANT

Table listing banks and merchant companies with columns for company name, price, and change.

BANKS, RETAIL

Table listing retail banks with columns for company name, price, and change.

BREWERIES, PUBS & REST

Table listing breweries, pubs, and restaurants with columns for company name, price, and change.

BUILDING & CONSTRUCTION

Table listing building and construction companies with columns for company name, price, and change.

DIVERSIFIED INDUSTRIALS

Table listing diversified industrial companies with columns for company name, price, and change.

ELECTRICITY

Table listing electricity companies with columns for company name, price, and change.

BUILDING MATS. & MERCHANTS

Table listing building materials and merchant companies with columns for company name, price, and change.

ELECTRONIC & ELECTRICAL EQPT

Table listing electronic and electrical equipment companies with columns for company name, price, and change.

ENGINEERING, VEHICLES

Table listing engineering and vehicle companies with columns for company name, price, and change.

EXTRACTIVE INDUSTRIES

Table listing extractive industries companies with columns for company name, price, and change.

CHEMICALS

Table listing chemical companies with columns for company name, price, and change.

DISTRIBUTORS

Table listing distributor companies with columns for company name, price, and change.

ENGINEERING

Table listing engineering companies with columns for company name, price, and change.

EXTRACTIVE INDUSTRIES - Cont.

Continuation of extractive industries table.

ENGINEERING - Cont.

Continuation of engineering table.

EXTRACTIVE INDUSTRIES - Cont.

Continuation of extractive industries table.

FOOD PRODUCERS

Table listing food producer companies with columns for company name, price, and change.

GAS DISTRIBUTION

Table listing gas distribution companies with columns for company name, price, and change.

HEALTH CARE

Table listing health care companies with columns for company name, price, and change.

HOUSEHOLD GOODS

Table listing household goods companies with columns for company name, price, and change.

INSURANCE

Table listing insurance companies with columns for company name, price, and change.

INVESTMENT TRUSTS

Table listing investment trusts with columns for company name, price, and change.

INVESTMENT TRUSTS SPLIT CAPITAL

Table listing investment trusts with split capital with columns for company name, price, and change.

ELECTRONIC & ELECTRICAL EQPT - Cont.

Continuation of electronic and electrical equipment table.

ENGINEERING

Table listing engineering companies with columns for company name, price, and change.

EXTRACTIVE INDUSTRIES - Cont.

Continuation of extractive industries table.

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Continuation of engineering table.

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Continuation of extractive industries table.

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Advertisement for digital PC by Computacenter, featuring the text 'From the UK's leading provider of distributed IT systems and services.' and the Computacenter logo.

Handwritten text in Arabic script: 'سكاي ان لاجن'



LONDON SHARE SERVICE

banks  
and Baker

okker

Table with columns: Name, Price, %Chg, Div, etc. Includes sections for 'NEW TRUSTS SPLIT CAPITAL - Cont.', 'LEISURE & HOTELS', 'OTHER FINANCIAL - Cont.', 'PROPERTY - Cont.', 'SUPPORT SERVICES - Cont.', and 'AM - Cont.'.

Table with columns: Name, Price, %Chg, Div, etc. Includes sections for 'PAPER, PACKAGING & PRINTING', 'RETAILERS, FOOD', 'RETAILERS, GENERAL', 'TELECOMMUNICATIONS', 'TEXTILES & APPAREL', 'TOBACCO', 'TRANSPORT', 'WATER', 'PHARMACEUTICALS', 'RETAILERS, GENERAL - Cont.', 'PROPERTY', 'SUPPORT SERVICES', and 'AM - Cont.'.

Table with columns: Name, Price, %Chg, Div, etc. Includes sections for 'AMERICANS', 'CANADIANS', 'SOUTH AFRICANS', 'GUIDE TO LONDON SHARE SERVICE', 'FT Share Service', 'FT Free Annual Reports Service', and 'FT Company Focus'.

SMART BUSINESSMEN DON'T PAY THEIR STAFF. Your business is running a business. So the less precious time you spend worrying about your payroll the better. Hand the problem over, lock, stock and pay slip to CMG. CMG, one of Europe's leading IT services companies, will take over total responsibility for the administration of your payroll, including dealing with the Inland Revenue and DSS. It's a guaranteed, trouble-free, accurate, totally efficient, lightning fast payroll service. Phone Freephone 0800 413703 now for further information. CMG Creating shared success.

Table with columns: Name, Price, %Chg, Div, etc. Includes sections for 'OTHER INVESTMENT TRUSTS' and 'INVESTMENT COMPANIES'.

Table with columns: Name, Price, %Chg, Div, etc. Includes sections for 'OIL EXPLORATION & PRODUCTION', 'PROPERTY', 'SUPPORT SERVICES', and 'AM - Cont.'.

Table with columns: Name, Price, %Chg, Div, etc. Includes sections for 'OIL INTEGRATED', 'PROPERTY', 'SUPPORT SERVICES', and 'AM - Cont.'.

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Main table containing stock prices for various companies, organized into columns with headers like 'NEW YORK STOCK EXCHANGE COMPOSITE PRICES'. Includes sub-sections for 'NEW YORK STOCK EXCHANGE', 'NASDAQ', and 'AMERICAN STOCK EXCHANGE'.

BEER GUEST. ÇIRAGAN PALACE HOTEL. Kempinski Istanbul. When you mix with us in ISTANBUL... with your complimentary copy of the FINANCIAL TIMES.

سكنا من الامل

Continued on next page

NYSE COMPOSITE PRICES

Table of NYSE Composite Prices listing various stocks with columns for stock name, price, and change. Includes sub-sections for -V-, -W-, -T-, -U-, and -X-Y-Z-.

NASDAQ NATIONAL MARKET

Table of NASDAQ National Market listing various stocks with columns for stock name, price, and change. Includes sub-sections for -I-, -E-, -F-, -G-, -H-, -J-, -K-, -L-, -M-, -N-, -O-, -P-, -Q-, -R-, -S-, -T-, -U-, -V-, -W-, -X-, -Y-, and -Z-.

AMEX COMPOSITE PRICES

Table of AMEX Composite Prices listing various stocks with columns for stock name, price, and change.

Advertisement for The Netherlands newspaper, featuring the headline 'Have your FT hand delivered in The Netherlands.' and contact information for Financial Times World Business Newspaper.

Advertisement for 'سكوا من الأصل' (Squaw from the original), featuring a stylized logo and text in Arabic.

FT GUIDE TO THE WEEK

MONDAY

EU beef crisis meeting

European Union agriculture ministers gather in Luxembourg for an emergency meeting about the beef crisis.

World's largest bank opens

The Bank of Tokyo-Mitsubishi, the world's largest bank, opens for business.

China cuts tariffs

Tariff cuts on 4,000 items come into effect in China, where they will be reduced from about 35 per cent to an average of 24 per cent.

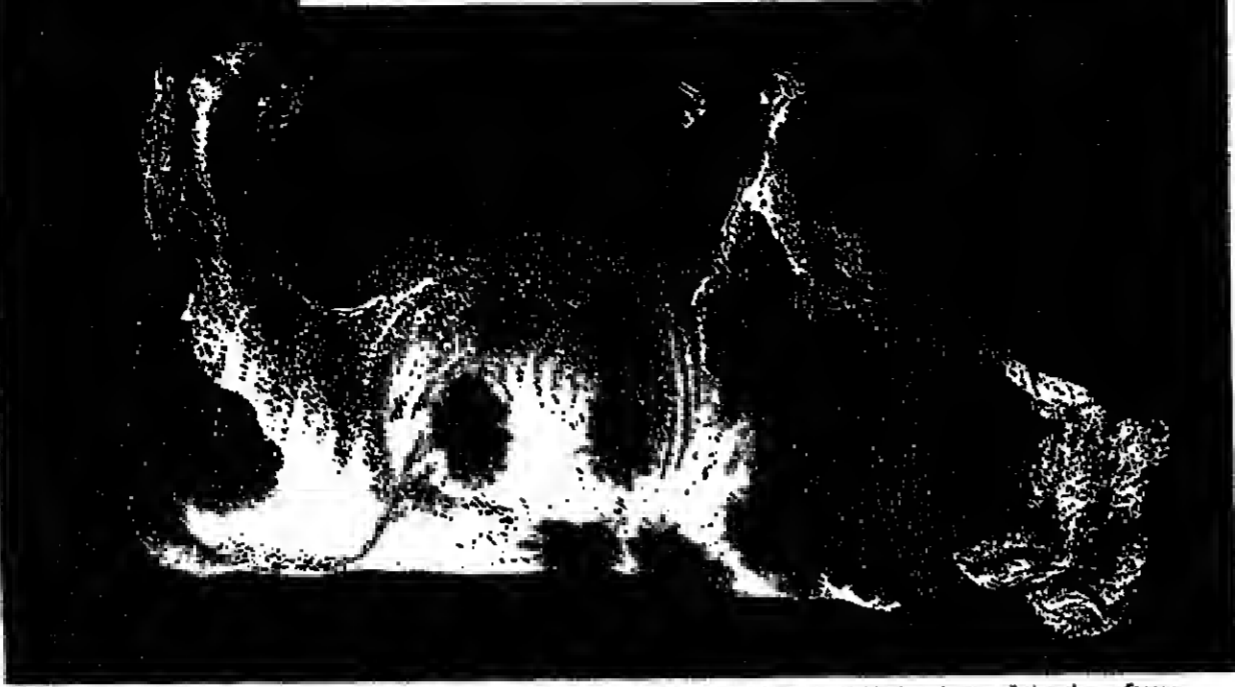
Stormin' Norman in Bogota

Norman Schwarzkopf of Desert Storm fame will be in Bogota to discuss the use of military tactics in business.

Bangladesh PM to resign

Today, or certainly within days, Khaleda Zia, the prime minister of Bangladesh, is expected formally to stand down and begin

BULL MARKET



Remedial measures and compensation will dominate European Union discussions of a beef market turned upside down by so-called mad cow disease

the run-up to a May general election under a neutral, caretaker government.

IAEA nuclear safety forum

Ten years after the nuclear accident in Chernobyl, the International Atomic Energy Agency (IAEA) holds a forum in Vienna on the safety of Chernobyl-type nuclear reactors.

On-the-pot fines in Scotland

People in Scotland caught possessing small quantities of cannabis will be able to pay a fine by post without incurring a criminal record.

Survey

Personal Tax Self Assessment (UK only).

Public holidays

Cyprus, Greece, Iran.

TUESDAY

G7 ministers meet on jobs

Employment ministers from the G7 group of leading industrialised countries conclude two days of talks in Lille, France, about trends in unemployment.

Walesa resumes Gdansk job

Lech Walesa, Poland's former president, returns to his job as an electrician at the near-bankrupt Gdansk shipyard.

Initial stint mending electric cars will be short, however. After Easter, he plans to fly to the US for a lecture tour.

Saleroom

One of only two panoramic views of London painted by Turner comes up for sale at Christie's.

Monetary union report

Progress towards monetary union will be averted again when the European Monetary Institute - forerunner of the planned European central bank - produces its annual report.

Perry in Cairo

US security assistance to Egypt will be discussed during a visit to Cairo by William Perry, the US defence secretary.

Public holidays

Iran.

WEDNESDAY

China-Japan talks

Bilateral relations and regional matters will dominate a meeting in Tokyo between Qian Qichen, the Chinese foreign minister, and Ryutaro Hashimoto, the Japanese prime minister.

Beijing piracy reviewed

Lee Sands, the assistant US trade representative, arrives in Beijing to continue a review of China's compliance with a 1995 agreement on curbing intellectual property rights abuses.

US trade mission to Bosnia

Ron Brown, the US commerce secretary, leads a mission of 12 chief executive officers to Bosnia and Croatia.

Surveys

FT Review of Information Technology (all editions), FT Guide: The A-Z of the Internet (Europe and US only).

Public holidays

El Salvador, Guinea, Israel, Sri Lanka, Taiwan.

THURSDAY

Chirac in Beirut

Jacques Chirac, the French president, begins a mini-tour of the Middle East with a trip to Lebanon - the first official visit by a French head of state since Lebanon's independence in 1943.

Yeltsin Ukraine trip doubted

Concern about compromising himself ahead of the presidential election may stop Boris Yeltsin, the Russian president, from proceeding with a two-day visit to Kiev,

the Ukrainian capital, to try to resolve disputes over the Crimean peninsula and the division of the Black Sea fleet.

Santer visits Budapest

Jacques Santer begins a two-day visit to Hungary, his first as president of the European Commission.

Public holidays

Easter starts in many countries.

FRIDAY

Tax self-assessment in UK

The first year of the new self-assessment tax regime begins. In April 1997, up to 9m taxpayers who normally fill in their own returns will receive the new form.

Take That

The British pop group Take That gives a farewell concert in Rotterdam, ending the six-year career of arguably the biggest British band since The Beatles.

Public holidays

Markets in Christian world closed for Good Friday.

SATURDAY

Rowing

It can be weirdly ungruelling, yet the annual Boat Race between Oxford and Cambridge universities, on the River Thames in London, still attracts a very large audience.

Public holidays

Botswana, Brazil, Chile, Ethiopia, Fiji, France, Guatemala, Hong Kong, Macau, Mexico, Papua New Guinea, Seychelles, Solomon Islands, Spain, Surinam, Thailand, Vatican City, Western Samoa, Zambia, Zimbabwe.

SUNDAY

Motor racing

Argentine grand prix, Buenos Aires.

Public holidays

Syria.

Compiled by Simon Strong. Fax: (+44) (0)171 873 3194.

ECONOMIC DIARY

Other economic news

Monday: The growth of M0, the narrow measure of Britain's money supply, is expected to have slowed in February.

Tuesday: Economists think revised figures could show that US GDP grew more slowly in the fourth quarter of last year than previously thought.

Wednesday: The UK chancellor and the governor of the Bank of England discuss UK monetary policy.

Thursday: The Canadian unemployment rate is expected to have remained stable last month.

Friday: US non-farm payroll data are expected to show little change in employment levels last month.

Statistics to be released this week

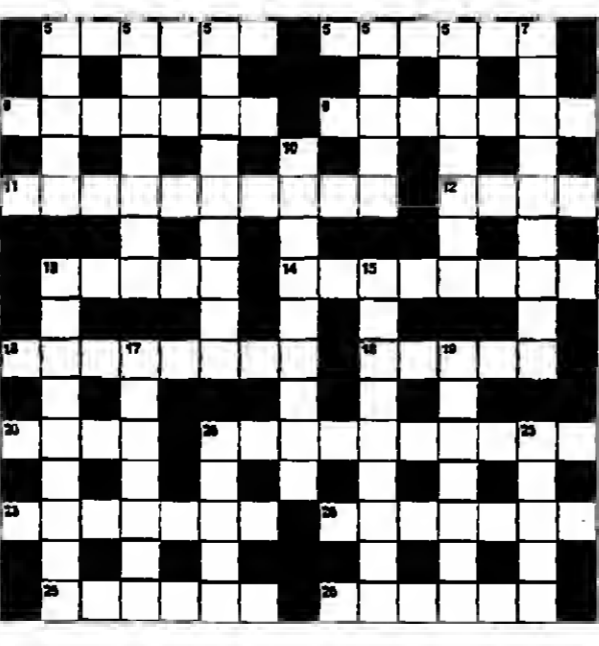
Table with columns: Day Released, Country, Economic Statistic, Median Forecast, Previous Actual, Day Released, Country, Economic Statistic, Median Forecast, Previous Actual. Rows include US construction spending, Mar domestic automobile sales, Mar domestic light truck sales, Mar Net Ass of Purchasing Mngs, Mar auto sales, Mar foreign reserves, etc.

ACROSS

- 1 Features a former copper in front of building (6)
4 A burden on the other side (6)
8 In child's play cast lacks a servant (7)
9 From the bravest I get this hint (7)
11 Unusual sarts selected in Hebrew (10)
12 Doctor against using a night-light (4)
13, 18 Where firm rebuilt a vast bar (4,8)
15 Where firm gets roads data wrong (5,6)
16, 26 Where firm sold least mixture (5,3,3)
14 Plan to remove piano in garden used by sailors (8)
19 Extra blade on the reverse side (8)
18 See 13 across
20 Northern beer's brought back around (4)
21 A selection of kind chaps, in a way (10)
23 They accompany kinky corsets (7)
24 Doctor's note I've included as different (7)
25 See 13 across
26 See 13 across

DOWN

- 1 Data from first book of the Bible (5)
2 Left in dock fool produces weapon (7)
3 Is like old Penny, first to annoy (9)
5 Caught topless dress on plant (3)
6 Not to upset master sits in seat (7)
7 Miss being la Rome? (9)
10 Fixed fault set on time, moving quickly (9)
13 Refined sort of engineer dies swimming (9)
15 One man in queue wanted loose liver (9)
17 Managed to love surly man without animosity (7)
19 A smile's suspect when without purpose (7)
21 In fact education played a part (5)
22 When article turned up by student of noses (5)



MONDAY PRIZE CROSSWORD

No.9,033 Set by GRIFFIN
A prize of a Pelikan New Classic 380 fountain pen for the first correct solution opened and five runner-up prizes of 250 Pelikan vouchers will be awarded. Solutions by Thursday April 11, marked Monday Crossword 9,033 on the envelope, to the Financial Times, 1 Southwark Bridge, London SE1 8PL. Solution on Monday April 15. Please allow 28 days for delivery of prizes.

BREITLING 1884 CHRONOMAT advertisement featuring a watch image and contact information for Breitling SA in Switzerland.

Handwritten Arabic text: سكوذا سن الأصل